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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

Government and Administration

By-election and State of the Parties

Details of the result of a recent parliamentary by-election and the present state of the parties in the House of Commons are given below.

The Liberal Democrats won the seat at Ribble Valley in a by-election on 7 March. The seat became vacant following the elevation to the House of Lords of the former Conservative MP, the Rt Hon. David Waddington, QC, in November 1990. Mr Waddington took the title of Lord Waddington of Read and is Lord Privy Seal and Leader of the House of Lords (see p 406, 1990). The Liberal Democrat candidate, Mr Mike Carr, won by a majority of 4,601.

The result of the by-election was:

M. Carr (Liberal Democrat)	22,377
N. Evans (Conservative)	17,776
J. Farrington (Labour)	4,356

Six other candidates received between them a total of 1,620 votes; all lost their deposits. Votes were cast by 72 per cent of the electorate.

At the general election in June 1987 (see p 187, 1987), the seat was held by the Conservative Party, with Mr Waddington polling 30,136 votes, followed by the Alliance candidate with 10,608, and the Labour candidate with 8,781. Votes were cast by 79 per cent of the electorate.

State of the Parties

Following the by-election, the state of the parties in the House of Commons is now:

Conservative	370
Labour	226
Liberal Democrats	21
Social Democrats	3
Scottish National	5
Plaid Cymru (Welsh Nationalist)	3
Ulster Unionist (Northern Ireland)	9
Democratic Unionist (Northern Ireland)	3
Social Democratic and Labour (Northern Ireland)	3
Ulster Popular Unionist (Northern Ireland)	1
Sinn Fein (Northern Ireland)	1
Vacant seat (Neath)	1
TOTAL	646

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means), who do not vote except in their official capacity in the event of a tie. The government majority over all the other parties is 95 although the Sinn Fein MP has not taken his seat.

Prevention of Terrorism

Legislation designed to deal with terrorism was renewed by the House of Commons on 4 March.

The legislation – the Prevention of Terrorism (Temporary Provisions) Act 1989 (see pp 404-8, 1988) – is subject to annual debate in the House, which has to consider whether it should be continued for the forthcoming

12 months. In a division at the end of the debate, the government motion was supported by 303 votes to 138. The official Opposition voted against the motion.

Background

The terrorist campaign of the Provisional Irish Republican Army (PIRA) continued throughout 1990. In Northern Ireland 76 people died and 906 were injured as a result of republican and 'loyalist' terrorism. In mainland Great Britain three people died and 56 people were injured in PIRA attacks, the latest being the explosion of bombs in two London railway stations and on a main line railway in February 1991. There has also been a mortar bomb attack outside the Prime Minister's office in Downing Street, London. A Member of Parliament, Mr Ian Gow, was murdered by the PIRA in July. In addition, three people died in Irish terrorist incidents on the European continent.

Home Secretary's Speech

Opening the debate, the Home Secretary, Mr Kenneth Baker, said that the Act gave the Government power to proscribe terrorist organisations, such as the PIRA. If the Act did not exist, members of such organisations would be able to meet openly, to recruit new members and to raise funds. The British people simply 'would not tolerate such murderous organisations being given that freedom'.

Noting that suspected terrorists can be excluded from Great Britain under the Act, Mr Baker said that if there were reasonable suspicions and the police were still unable to charge a person with terrorist offences, the persons concerned had to be excluded. The purpose of such exclusion was to prevent terrorists from being able to carry out their activities in Great Britain or, in the case of those who were not British citizens, in the whole of Britain. Only 97 exclusion orders were currently in force. Mr Baker added: 'If a person is excluded, he or she has a right to make representations and a right to a personal interview with an independent adviser. A solicitor or legal representative may be present at the interview.'

Mr Baker then discussed the provisions on powers of arrest, examination and detention. Under these, a suspect can be detained on reasonable suspicion of involvement in terrorism. This can take place without charge for an initial period of 48 hours and then for up to a further five days on the authority of the appropriate Secretary of State, making seven days in all. He said: 'There are many circumstances in which the police may have information that a particular person is involved in terrorism, but no information as to the specific offence in which he may have been involved. Without the Prevention of Terrorism Act, there would be no power to arrest such a person.' In 1990 some 273 people were examined for more than an hour at ports in Great Britain and 193 were detained; in Northern Ireland 1,764 people were detained, leading to 376 charges.

Commenting on the power to investigate terrorist funding (see also p 91), Mr Baker said that, by clearly defining terrorist finance as a criminal offence, the Act enabled the police to investigate it.

Mr Baker then turned to recent changes in the organisation for fighting terrorism on the mainland. The Metropolitan Police Special Branch had the national responsibility for the collection, analysis and dissemination of intelligence about Irish republican terrorism throughout Great Britain. The head of the force's anti-terrorist branch was the national co-ordinator of investigations into PIRA terrorism. In order to increase the effectiveness of these arrangements, a new body had been created in 1990. Chaired by the Metropolitan Police, it consisted of three chief constables of police forces outside London with particular responsibilities for counter-terrorism.

Opposition Views

The official Opposition spokesman, Mr Roy Hattersley, said that the legislation contained restrictions on civil liberties which were not subject to any judicial check or supervision. If people were to be detained under emergency powers, the case for holding them needed to be heard by judges and not decided by a government minister. Exclusion orders had to be abandoned and provisions affecting the financing of terrorism had to be tightened up. The Government should also consider the feasibility and desirability of setting up a national intelligence bureau to provide an

effective countrywide response against terrorism. The Opposition also favoured the video-recording of interviews of all suspects in police custody.

The Liberal Democrat spokesman, Mr Robert Maclennan, said that exclusion orders were necessary if there was to be proper surveillance of people whose activities posed a major threat to the state. Moreover, all those responsible for fighting terrorism had found that the Act contributed materially to that fight.

Shorter Notes

NORTHERN IRELAND

New clauses designed to confiscate proceeds from terrorist-related activities have been added to the Northern Ireland Emergency Provisions Bill (see pp 413-16, 1990).

The new proposals would apply to a person convicted in a Crown Court of a terrorist-related offence. Before making a confiscation order, the court would have to be satisfied that certain conditions had been met. For instance, it would need proof that the defendant had engaged in terrorist-related activities and that the defendant had benefited from such activities by obtaining money or other property. The defendant would also have to possess realisable property worth more than £20,000. In addition, he or she would have had to have committed another relevant offence on a separate occasion in the six-year period before court proceedings were instituted.

Confiscation would apply to the value of proceeds derived from terrorist activity during the six years preceding a defendant's conviction or to the value of realisable property when court proceedings were instituted.

Provision is also made for the freezing of assets at an early stage so that they are available to meet any confiscation order that may be made if the defendant is convicted.

Although the power to make a confiscation order would be available only to the Crown Court in Northern Ireland, the order would be enforced, where necessary, in the rest of Britain.

Commenting on the proposals on 26 February, the Secretary of State for Northern Ireland, Mr Peter Brooke, said that terrorist organisations and those handling money on their behalf were becoming more sophisticated in methods of raising and laundering funds. There was also evidence that terrorist organisations were running legitimate businesses for the purpose of raising funds to finance terrorism.

Mr Brooke pointed out that 'unless these trends are halted soon, terrorist organisations will succeed in establishing an infrastructure capable of providing support for terrorism on a long-term basis'. Moreover, if the level of terrorism were to subside, that infrastructure 'would remain in place to sustain a potential for racketeering which could, in the future, have an adverse effect on the economy of Northern Ireland'.

The Government has also added an amendment under which those responsible for planning or directing terrorist campaigns could be prosecuted. The new offence would carry the penalty of life imprisonment.

Commenting on the amendment, the Minister of State at the Northern Ireland Office, Dr Brian Mawhinney, said that the Government had been concerned for some time that those charged and convicted for terrorist acts were almost always the perpetrators and not the planners or directors. The new clause was not concerned with those who could be directly associated with a particular terrorist offence, since that was already covered by the criminal law. 'It is aimed, instead, at those persons who it can be proved are ... directing ... organisations which claim responsibility for such offences even though it might not be possible to prove a direct connection between them and any particular terrorist offence.'

These amendments to the Bill were approved by the House of Commons on 6 March.

Sources: Northern Ireland Office news releases, 5.2.91 and 26.2.91.

ARSON PREVENTION BUREAU

A new Arson Prevention Bureau, financed by the Home Office and the Association of

British Insurers, was launched in London on 18 February.

The Bureau was set up following a recommendation by a Home Office working party. It is designed to bring together the police, the fire service and other parties in a bid to provide better information about the nature of arson and the effective measures that can be taken against it.

Commenting on the new Bureau, Mr John Patten, Minister of State at the Home Office, pointed out that arson represented the single largest cause of fire in occupied buildings other than dwellings. It also accounted for about 100 deaths and 2,000 injuries each year and its cost was around £500 million. If the problem was to be tackled successfully, full co-operation was required from property owners and their insurers and the police, fire and forensic science services.

Source: Home Office news release, 14.2.91.

External Affairs and Defence

The Gulf Conflict

Hostilities in the Gulf were suspended by Britain and its coalition partners on 28 February following a successful allied ground offensive against Iraqi forces in Kuwait and southern Iraq. On 2 March, the United Nations Security Council passed a resolution setting out the terms for a permanent ceasefire.

The ground offensive was launched in the early hours of 24 February after Iraq defied an allied demand to begin withdrawing from Kuwait by 17.00 Greenwich Mean Time on 23 February. A conditional Iraqi offer to withdraw, made on 15 February, and subsequent peace initiatives by the Soviet Union proved unacceptable to the international coalition. The Prime Minister, Mr John Major, said on 28 February that Kuwait had been liberated and that the Iraqi army had been comprehensively beaten. On 6 March, following his visit to the Soviet Union (see pp 100-3), Mr Major was the first leader from among the governments of the international coalition to visit liberated Kuwait.

Diplomatic Moves Preceding the Ground Offensive

Iraqi Proposal for Withdrawal

On 15 February, the Iraqi Government declared its 'readiness to deal with Security Council resolution No 660 of 1990 [see p 278, 1990] with the aim of reaching an honourable and acceptable political solution including withdrawal [from Kuwait]'. However, a series of conditions were attached to this offer. Iraq demanded:

– a comprehensive ceasefire;

– the abrogation of all other UN Security Council resolutions against Iraq;

– the withdrawal of all allied forces from the Gulf within one month of a ceasefire;

– the withdrawal of Israel from the Occupied Territories, including southern Lebanon, in implementation of UN resolutions;

– a political arrangement for Kuwait based on 'genuine democratic practice';

– reparations for the damage inflicted on Iraq and the cancellation of Iraq's foreign debts; and

– the declaration of the Gulf region as a zone free of any foreign military influence.

The Iraqi proposals were rejected by Britain, the United States and the Arab coalition partners. On 18 February, the Foreign and Commonwealth Secretary, Mr Douglas Hurd, emphasised that the UN Security Council had called for unconditional Iraqi withdrawal from Kuwait. 'The aggressor cannot expect to set conditions for remedying the aggression.' He continued: 'When the Iraqi Government are ready to comply with the mandatory resolutions of the Security Council, they should say so unambiguously and match their words with decisive and irreversible proof. There needs to be clear evidence of withdrawal and of a commitment to repatriate allied prisoners of war.'

Soviet Peace Initiatives

Between 18 and 22 February, the Soviet Government put forward two sets of peace proposals in talks with the Iraqi Foreign Minister, Mr Tariq Aziz. An initial eight-point plan was subsequently amended to a six-point

initiative and was accepted by the Iraqi Government. The initiative envisaged:

– the immediate and unconditional withdrawal of Iraqi forces from Kuwait, in implementation of UN Security Council resolution 660, to positions they occupied on 1 August 1990;

– an Iraqi withdrawal commencing on the day following a ceasefire encompassing all military operations;

– the completion of withdrawal within 21 days, including withdrawal from Kuwait City within four days;

– the rescinding of the remaining UN Security Council resolutions upon completion of the Iraqi withdrawal;

– the release and repatriation of all prisoners of war within three days of a ceasefire and the cessation of all military operations; and

– the monitoring of the ceasefire and Iraqi withdrawal by observers or peacekeeping forces as determined by the Security Council.

The British and United States governments welcomed the Soviet attempts to find a solution. However, they considered that the Soviet proposals fell short of the UN Security Council requirements for an unconditional Iraqi withdrawal from Kuwait, the rescinding of Iraq's purported annexation of Kuwait, and the restoration of Kuwait's sovereignty, independence and territorial integrity. The proposals were therefore unacceptable.

Allied Peace Conditions

On 22 February, the United States President, Mr George Bush, told Iraq, on behalf of the coalition partners, to begin a withdrawal from Kuwait by 17.00 Greenwich Mean Time on 23 February. In his statement President Bush revealed that Iraqi forces had launched a 'scorched-earth' policy against Kuwait, setting fire to oil facilities and other installations.

Under the terms of the allied statement Iraq was to:

– complete its withdrawal from Kuwait in one week, returning its forces to their positions of 1 August 1990;

– remove its forces from Kuwait City during the first 48 hours, allowing for the prompt return of the legitimate Kuwaiti Government;

– withdraw from all prepared defences along the Saudi–Kuwaiti and Saudi–Iraqi borders, from Bubiyan and Warbah islands and from Kuwait's Rumaila oilfield;

– immediately release all prisoners of war and third country civilians and return the remains of dead allied servicemen;

– remove all explosives and booby traps, including those on Kuwaiti oil installations, and provide data on the location of land and sea mines;

– cease combat air fire and aircraft flights over Iraq and Kuwait (except for transport aircraft carrying troops out of Kuwait), and allow coalition aircraft exclusive control over and use of all Kuwaiti air space; and

– cease all destructive actions against Kuwaiti citizens and property, and release all Kuwaiti detainees.

Allied forces undertook not to attack retreating Iraqi forces so long as withdrawal proceeded in accordance with the above guidelines. Any breach of these terms would bring an 'instant and sharp response' from coalition forces in accordance with UN Security Council resolution No 678 (1990). This authorised the use of force against Iraq (see p 421, 1990).

Mr Major said that the statement had been agreed with all the coalition partners and was not negotiable. President Saddam Hussein had 'authoritatively and publicly' to state his acceptance of the terms.

Allied Ground Offensive

Following Iraq's failure to comply with the allied terms, allied forces launched a ground assault on Kuwait and southern Iraq on 24 February, achieving all their military objectives within four days and with only light casualties on their side.

British Statements

On 24 February, Mr Major said that diplomatic efforts to avoid the conflict had failed because the Iraqi leadership was at no time prepared to accept the UN Security Council resolutions in full. The Iraqis were continuing to set alight oil wells in Kuwait and were engaged upon the systematic destruction of Kuwait City.

Mr Major said that large numbers of Kuwaitis were being executed or transferred by truck to Iraq, 'presumably to be used as a bargaining counter in some discussions at the end of the conflict'. He continued: 'I think it is clear therefore that the nature of the regime with which we are dealing is not a regime whose words you can rely upon or with whom you can deal in the normal manner. The land campaign has therefore begun.'

In a statement to the House of Commons on 25 February (*Hansard*, Vol 186, No 63, cols 645-6), the Secretary of State for Defence, Mr Tom King, disclosed that the land operations involved the forces of 11 countries – Britain, the United States, Saudi Arabia, Egypt, France, Syria, the United Arab Emirates, Bahrain, Qatar, Oman and Kuwait.

He confirmed that coalition forces had rapidly penetrated Kuwait and southern Iraq, taking a significant number of prisoners and sustaining few casualties. In support of the land advances, allied air forces, including British aircraft, were continuing their attacks on strategic targets in Iraq and on Iraqi ground forces in Kuwait and Iraq. He added that maritime and amphibious forces in the northern Gulf were also playing their part in the coalition attack and that the Royal Navy was playing a crucial role in mine clearance operations.

Mr King made a further statement to the House of Commons on 26 February (*Hansard*, Vol 186, No 64, cols 797-9). He reported that Iraqi radio broadcasts indicated that President Saddam Hussein had ordered Iraqi forces to withdraw from Kuwait. However, at the same time there had been two further Iraqi Scud missile attacks, one of which had caused a large number of casualties among United States forces in Dhahran in Saudi Arabia.

There was no reliable evidence, said Mr King, of a general Iraqi withdrawal from Kuwait. The Iraqi retreat in many areas of Kuwait and southern Iraq was the result of allied military action. He added that British and allied troops were still in contact with Iraqi forces.

Mr King said that Saddam Hussein had to accept publicly and explicitly all the UN Security Council resolutions. 'To ensure the safety and security of our forces, we require all Iraqi forces in the theatre of operations, both those occupying Kuwait and those supporting the occupation, to abandon their weapons and equipment and withdraw. Otherwise they will continue to be treated as hostile.'

Mr King confirmed that there was no change in the coalition's war aims. These remained the withdrawal of Iraqi forces from Kuwait, the restoration of the legitimate Kuwaiti Government and of peace and security in the region. He stressed that there was no intention to acquire Iraqi territory. 'It is a military necessity that we have to proceed through Iraq for the liberation of Kuwait. It may well be that, in the initial aftermath of this activity, we shall need to ensure the security of Kuwait in some way, but we have no long-term territorial ambitions. We seek no change in borders.'

On 27 February, Mr Major confirmed that Kuwait City had been liberated and that other military operations were going well. British troops had repossessed the British embassy in Kuwait.

United States Statement

On 26 February, Mr Bush dismissed the Iraqi President's order to his forces to withdraw from Kuwait as an 'outrage'. Mr Bush said that Iraqi troops were retreating rather than withdrawing and that Saddam Hussein was trying to claim victory in 'the midst of a rout'.

The Iraqi leader had not accepted the UN Security Council resolutions or the terms of the coalition statement of 22 February. Mr Bush confirmed that coalition forces would continue to prosecute the war with 'undiminished intensity'. Retreating Iraqi combat units would be treated as a threat unless they laid down their arms.

Suspension of Hostilities

Early on 28 February, after consultation with coalition partners, Mr Bush announced the allied decision to suspend offensive combat operations in the Gulf with effect from 05.00 Greenwich Mean Time. He declared that the coalition's military objectives had been met and that Kuwait was once more in the hands of Kuwaitis.

Iraq announced its observance of the ceasefire and notified the UN Secretary-General of its agreement to 'comply fully with resolution 660 and all other Security Council resolutions'.

Prime Minister's Statement

Addressing the House of Commons on 28 February (*Hansard*, Vol 186, No 66, cols 1117-8), Mr Major explained that the coalition decision to suspend operations had been taken as soon as it became clear that Kuwait had been liberated and that Iraq's army had been defeated. He said that 42 Iraqi divisions had been effectively destroyed. More than 3,700 Iraqi tanks, 2,100 artillery pieces and 1,800 armoured vehicles had been destroyed, captured or disabled.[1] There were 60,000 Iraqi prisoners documented so far.

Mr Major declared that remaining Iraqi personnel should withdraw from the theatre of operations, leaving behind their weapons and equipment. He warned that any further Iraqi military action, including Scud missile attacks on any country, would provoke a resumption of operations by the coalition forces. The Iraqi Government was required to nominate military commanders to meet allied commanders within 48 hours to discuss the military aspects of a ceasefire.

The Prime Minister said that the UN Security Council would convene to discuss the political arrangements for the conclusion of the war. To establish a formal and permanent ceasefire, Britain demanded that Iraq immediately release all prisoners of war and Kuwaiti detainees, and return the remains of those who had lost their lives. Britain would insist that the Iraqi military authorities co-operate in the location of land and sea mines, explosives and booby traps in and around Kuwait. Mr Major also sought a public and authoritative statement from the Iraqi leadership of its intention to comply fully with all the relevant UN Security Council resolutions, including renunciation of Iraq's claim to Kuwait and agreement to pay reparations.

Economic sanctions against Iraq would remain in force until the UN Security Council decided to lift them. Mr Major added that Britain would seek a commitment from Iraq to destroy, under international supervision, all its ballistic missiles and weapons of mass destruction, and not to acquire such weapons in the future.

Mr Major noted that the destruction of Iraq's offensive capability had been achieved with very few coalition casualties.[1] He confirmed that the British ambassador had been reinstalled in the British embassy in Kuwait.

The Prime Minister recognised that a durable peace must provide for the security of Kuwait and other countries in the Gulf and must deal with other regional problems, principally the Palestinian question. He stressed that the international coalition had no quarrel with the Iraqi people, who were themselves the victims of the war to which the Iraqi leadership had condemned them.

United Nations Security Council Resolution

On 2 March, the UN Security Council set out the terms for a permanent ceasefire in the Gulf in resolution No 686 (1991), which was approved by 11 votes to 1 (Cuba) with 3 abstentions (Yemen, the People's Republic of China and India).

Affirming that all 12 previous UN resolutions on the Gulf crisis continued to have full force and effect, resolution 686 demanded that Iraq:

– rescind immediately its actions purporting to annex Kuwait;

– accept in principle its liability under international law for any loss, damage or injury arising in regard to Kuwait and third states, and their nationals and corporations, as a result of the invasion and illegal occupation of Kuwait;

– immediately release, under the auspices of the International Committee of the Red Cross or Red Crescent societies, all Kuwaiti and third country nationals detained by Iraq, and return the remains of any deceased Kuwaiti and third country nationals so detained; and

– immediately begin to return all Kuwaiti property seized by Iraq.

[1] These figures were revised by Mr King on 6 March to 3,300 tanks, 2,100 armoured personnel carriers and 2,200 artillery pieces.

[1] The latest assessment of British casualty figures was given by Mr King on 6 March. He said that 17 servicemen were killed in action, eight were missing and nine were seriously injured.

The resolution further demanded that Iraq:

– cease hostile or provocative actions by its forces against all member states, including missile attacks and flights of combat aircraft;

– designate military commanders to meet with coalition counterparts in order to arrange for the military aspects of an early cessation of hostilities;[1]

– arrange for the immediate release of all prisoners of war, under the auspices of the International Committee of the Red Cross, and return the remains of any deceased personnel of the coalition forces; and

– assist in identifying Iraqi mines, booby traps and explosives as well as any chemical and biological weapons and material in Kuwait, in those areas of Iraq under temporary coalition occupation and in the adjacent waters.

During the period required for Iraq to comply with the above demands, the provisions of Security Council resolution No 678 (1990) would remain valid. The decision of the international coalition to commence immediately the release of Iraqi prisoners of war, as required by the terms of the Third Geneva Convention of 1949 (see pp 59-60), was welcomed.

Resolution 686 also requested that the United Nations, its member states, specialised agencies and other associated international organisations take all appropriate action to assist in the reconstruction of Kuwait.

On 3 March, the Iraqi Government announced that it had 'taken note of the text of Security Council resolution 686 of 1991' and would 'meet its obligations in accordance with the said resolution'. On 5 March, the Iraqi Revolution Command Council announced that all of its decisions regarding Kuwait since 2 August 1990 (the date of the Iraqi invasion – see p 277, 1990) were rescinded.

On 4 and 5 March, Iraq handed over a total of 45 allied prisoners of war to the International Committee of the Red Cross.

[1] A meeting of military commanders took place in Kuwait on 3 March.

Iraqi Nationals in Britain

On 6 March, the Ministry of Defence released 32 Iraqis who had been detained in Britain as prisoners of war. Two days later the Home Secretary, Mr Kenneth Baker, announced that 31 Iraqis and two others detained on grounds of national security were being released; restriction orders on a further six Iraqis and two others were cancelled and deportation orders against five Iraqis were cancelled.

Contributions to Britain's War Costs

In the House of Commons on 26 February (*Hansard*, Vol 186, No 64, written answers, cols 442-3), the Chancellor of the Exchequer, Mr Norman Lamont, said that about £1,400 million had been promised by other countries to Britain to offset the costs of the Gulf conflict.

This figure included about £660 million from Kuwait; £275 million from Germany; £250 million from the United Arab Emirates; £25 million from Japan; £15 million from Hong Kong and £8 million from Denmark.

Saudi Arabia was providing assistance in kind (such as food, fuel, water and accommodation) under the agreement for host nation support. Assistance in kind had also been received from Bahrain, Belgium, Canada, Denmark, Germany, Kuwait, the Netherlands, New Zealand, Norway, Portugal, Romania, Singapore, Spain, Sweden and the United Arab Emirates.

Environmental Damage in the Gulf

In response to the deliberate oil spills by Iraq into the waters of the Gulf (see p 59), the Secretary of State for the Environment, Mr Michael Heseltine, announced on 6 March that Britain was contributing £1 million to facilitate the oil recovery and clean-up operations.[1]

Mr Heseltine said that, although oil deflection operations and protective booms were successfully deployed, extensive damage had occurred and substantial quantities of oil remained at sea.

[1] Britain's contribution is being made to the Gulf Oil Pollution Disaster Fund set up by the International Maritime Organisation.

European Community

The need for Britain to work closely with the other members of the European Community was emphasised by the Prime Minister, Mr John Major, in a foreword to a White Paper published in February. In the same month, Britain's commitment to the objectives of European economic and monetary union and to foreign policy co-ordination was the main subject of a speech by the Foreign and Commonwealth Secretary, Mr Douglas Hurd, in Luxembourg.

The Prime Minister's Foreword

In a foreword to a White Paper on developments in the Community in the last six months of 1990,[1] Mr Major said that it was in Britain's national self-interest to help build and shape the future Europe and to do so with enthusiasm. This did not, however, mean accepting every Community proposal. Britain would resist unworkable proposals and urge its partners to concentrate on practical and positive steps. These would include completing the single market, reforming the Common Agricultural Policy, making Europe's industry competitive and giving Europe a stronger voice in the world.

Political Union

On political union, Mr Major said that Britain would be guided by five principles, namely the need to:

– balance a strong Community with respect for national institutions;

– build the Community on the basis of individual freedom and opportunity, so that individual citizens feel its benefits;

– make the Community more efficient;

– make the Community more democratic and accountable by bringing the European and national parliaments closer together; and

– enhance Europe's role in the world by strengthening consultation and co-operation.

Although co-operation among the 12 member states on security could be strengthened, existing defences could not be undermined. The North Atlantic Treaty Organisation (NATO) would remain the focus for collective defence. The Western European Union (WEU – see pp 9-10) could be developed into the forum for a European defence identity and build a bridge between the Twelve and NATO.

Economic Strength

Noting that Europe's influence in the world would always depend on its economic strength, Mr Major stressed that the single market had to become reality in 1993 in all member states, especially in the fields of financial services, transport and public procurement.

On the Community's social dimension, Mr Major said that this was best developed by increasing jobs and choice and avoiding 'extra costs and intrusive new rules which would stifle initiative and reduce the competitiveness of our firms'.

Britain, the Prime Minister observed, had made a number of proposals on economic and monetary union in connection with the intergovernmental conferences on political and monetary union (see pp 60-4). These offered a genuinely European currency, a further contribution to anti-inflationary discipline, the benefits of open European markets and a way to encourage economic convergence without centralising economic decision-making. The hard ECU (European Currency Unit) could develop into a single currency, but Britain would not accept the imposition of such a currency.

A Wider Europe

Looking to the future, Mr Major said that Britain wanted to welcome into the Community those countries which were politically and economically qualified to join. The Community was agreed that there should be no decision on any membership applications before 1993. Thereafter, enlargement was both desirable and inevitable.

In the meantime, the Community had to complete the negotiations for a European Economic Area with the European Free Trade Association which would extend the single market to 19 countries and bring important economic and practical benefits. Also important were the negotiations on

[1] *Developments in the European Community July–December 1990.* Cm 1457. HMSO, £9·20. ISBN 0 10 114572 1.

association agreements with Eastern European countries. These would give Czechoslovakia, Hungary and Poland a closer relationship with the Community and help to 'entrench reform and democracy in those countries and lead to full membership once they wish and are qualified to join'.

Europe and the World

Britain, emphasised the Prime Minister, wanted the Community to give a lead in removing barriers, encouraging world trade and spreading prosperity. This required a successful conclusion to the Uruguay Round of the General Agreement on Tariffs and Trade (GATT – see pp 22-3 and 100). If the GATT collapsed, the developing world would be the first casualty. Developing countries could only have a real chance of achieving economic progress if the Community continued to open its markets to those countries.

Concluding, Mr Major said that Community member states had to help make the world a safer place. In the Middle East, Europe had to play its part with the United States in seeking lasting peace, stability and justice in the region. As for East-West relations, the Community had to encourage reform and ease the process of change. 'We should use all our influence to discourage any reversion to the bad old ways of state control and repression.'

Mr Hurd's Speech

Economic and Monetary Union

Speaking on 19 February, Mr Hurd said that Britain was committed to the objective of economic and monetary union. Although Britain had its own views of how this aim could be achieved, Community member states all agreed that 'economic integration should be on the basis of free and open markets, that the overriding objective of monetary policy must be price stability, and that excessive budget deficits and monetary financing must be avoided'. Britain took the view that 'monetary matters are better suited to evolution than to revolution and success depends on economic convergence'. Monetary union, he said, should be built on a non-inflationary common currency which could – if markets and governments so decided – develop into a single currency.

Gulf Crisis

Discussing the response of the members of the European Community to the Gulf crisis, Mr Hurd said that there was no difficulty in condemning Iraqi aggression or agreeing to impose economic sanctions, the trade embargo, and measures of enforcement, including the naval contribution organised through the WEU. The Community had not sought agreement on defence measures because it was not a military organisation in the business of co-ordinating a military response. Britain and France had decided nationally to make substantial military contributions; other member states had made lesser contributions, while some had made none. Germany was debarred by its interpretation of its constitution from joining in that effort. Mr Hurd added: 'But quite apart from that we have to recognise and acknowledge that public opinion varies from country to country, even within Europe. The perception of vital interests varies and so the response varies.'

Foreign Policy Co-ordination

Mr Hurd said that member states should continue the effort to intensify co-ordination of foreign policy. However, a member state 'must be allowed to pursue a policy... informing its partners but not necessarily awaiting their endorsement when there is a particular central national interest at stake. What we have to aim at in working for a common policy is the convergence of interests.'

Regarding events in the Baltic republics (see pp 64-5), Mr Hurd said that, since individual member states had little influence over the Soviet Union, it was essential that the Twelve act together. When acting together, they had to proceed by consensus.

Imposed Unity

Differences between member states did not arise because of defective machinery but from differences of perceived interests. Mr Hurd believed that, had there been majority voting in foreign policy during the last six months, some members would from time to time have been deeply dissatisfied with the majority verdict. That kind of unity, 'imposed by the mechanisms of reaching decisions, might have been artificial and impressive only

for the moment'. The best way was to 'proceed together by focusing on specific events in specific areas. We should achieve agreement on substance issue by issue rather than try to mask disagreement by changes of procedure. Discuss together, agree together, act together – in that order – seems to be the best procedure.'

Mr Hurd pointed out that Britain had consistently encouraged foreign policy co-ordination among the Twelve. A British draft formed the basis of the section of the Single European Act which established the process of co-operation in foreign policy on a treaty basis (see pp 224-5, 1985). Consultation had become the habit, and common positions were agreed more frequently. Britain was also tabling a draft for a common foreign and security policy as a key part of the political union process. The proposals would build on other British ideas to improve the efficient working of political co-operation, by expanding its secretariat and ensuring consistency with the external policies of the Community.

Discussing the concept of European union, Mr Hurd said that for Britain union was a flexible process and not a fixed state. Not all European co-operation (for example, the TREVI groups of interior ministers dealing with drug trafficking and terrorism)[1] needed to come within the scope of the Community's formal institutions.

Defence

Mr Hurd did not believe that there was a case for including defence within the Community's common foreign and security policy. Not only was it already handled correctly in different forums, there were also components of defence that were of a different character – command, control, the commitment of armed forces – and a distinct part of security. Furthermore, while security was shared between ministries of foreign affairs and defence, only ministries of defence bore the specific organisational responsibility for defence.

[1] TREVI (Terrorism, Radicalism, Extremism and International Violence) was set up as an intergovernmental forum in 1976, limited to Community countries. Its goal is to facilitate co-operation at a practical, operational level against terrorism, drug trafficking and other serious crime and public order problems. TREVI is divided into four working groups.

NATO and the WEU

Mr Hurd said that NATO and the WEU had performed the job of defending Europe for over 40 years. Most Community members agreed that their best interests were served by collective defence based on mutual assistance, including a firm transatlantic commitment in assuring their security. Although Europe had to take on more responsibility for its own defence, it would continue to depend on the Alliance and the North American role. Planning of European defence 'cannot become an exclusively European matter or even a matter exclusively for the European members of the Alliance, let alone a matter for those in the Community who are not members of the Alliance. We need to build a structure for European defence without alienating our North American friends or damaging our Alliance.' One instrument for building a better structure for European defence was the WEU, which could be developed into a bridge between the Twelve, concentrating on foreign and security policies and NATO concentrating on defence. 'The essential links between the WEU, NATO and the European Union must be preserved and strengthened steadily, progressively and with determination.'

Trade Talks

Referring to the continued failure to reach agreement on the trade talks within the framework of the GATT (see pp 22-3), Mr Hurd said that the Community had taken too long in 1990 to table an offer on agriculture, which was then unacceptable to the United States, and to other agricultural producers, such as Australia, Canada and New Zealand. The GATT and the single European market were both important in strengthening the open, liberal international trading system.

British-Soviet Relations

Arms control and European security, the Middle East, and economic and political reforms in the Soviet Union were discussed by the Prime Minister, Mr John Major, and the Soviet President, Mr Mikhail Gorbachev,

during Mr Major's visit to Moscow in March. British policy towards the Soviet Union was also the subject of a speech by the Foreign and Commonwealth Secretary, Mr Douglas Hurd, in London on 21 February.

Prime Minister's Moscow Visit

At a meeting in Moscow on 5 March, Mr Major and Mr Gorbachev discussed arms control, including problems with the Conventional Armed Forces in Europe Treaty (see pp 419-20, 1990), the crisis in the Middle East (see pp 93-7), and the Baltic republics (see pp 64-5).

The Middle East

Giving a press conference on 5 March, Mr Major said that the Soviet Union was willing to go on working with the other permanent members of the United Nations Security Council in the next phase of peace in the Gulf. Both Britain and the Soviet Union agreed that it was for the countries of the region to decide what form security arrangements should take. The Prime Minister said that Britain did not plan to station ground forces permanently in the area. Both countries also agreed on 'the desirability of restraint' on exports to the area of nuclear, biological and chemical weapons, as well as of conventional arms.

Baltic Republics

On the Baltic republics, Mr Major expressed the West's dismay about the events there, but hoped that 'the way forward would be through negotiations'. Mr Gorbachev, in reply, had said that he believed in a constitutional process to solve the problem of the Baltic republics; if they followed that process, independence was a possible outcome.

Mr Hurd's Speech

Referring to the reforms undertaken in the Soviet Union since 1985, Mr Hurd said that, despite real difficulties, enormous gains had been made. Although some of these advances could be checked or reversed, Mr Hurd believed that most of them could not be eradicated, since these gains reflected the wishes and aspirations of millions of people.

The Soviet Communist Party still retained great influence over the policies of the Soviet Government through loyalty to the party from the military and the secret police, the Foreign and Commonwealth Secretary observed. However, there were not many Soviet people who still believed that the old type of communism, which threatened people outside the Soviet Union and repressed those within, represented any kind of conceivable solution to their country's problems.

Glasnost

There were worries about the progress of *glasnost*, Mr Hurd admitted. Some restrictions were being reimposed on the Soviet media and other restrictions were threatened. However, the revelations and the history that had poured out under *glasnost* could not be clawed back or forgotten. Every Soviet citizen now knew that the non-Russian nationalities, who made up half of the Soviet Union's population, were far from content. In addition, all Soviet people could see the enormous gap between their own lifestyle and the lifestyle of those whom they were told for so many years they were apparently overtaking.

Democratic Reforms

Progress on democracy, democratisation and civil rights had also been uneven in the Soviet Union, Mr Hurd continued, with no proper multi-party system being established. Nobody could say that the country was firmly on the road to the kind of democratic system familiar to the West: 'nevertheless, seeds have been sown and, although the shoots that have come up are not all of them very strong or robust, they have come with remarkable speed and that process will not be reversed.' The Soviet people had acquired the idea of voting and of expressing their opinions freely. They had also gained other freedoms, such as foreign travel, which the West took for granted.

These reforms were too great to be wiped away. The West had to acknowledge the achievements of Mr Gorbachev and his reformers. 'Our willingness to support genuine reform is unchanged,' Mr Hurd said, 'provided the Soviet authorities hold to the path which they have chosen of economic and political liberalisation.' It was difficult enough for smaller countries of Central and Eastern Europe which had some experience

of a market-based economy and of a political democracy; the Soviet Union, starting from an earlier point, had to press on and carry through reforms to their logical conclusion. 'They must acquire the skills to build what is in effect a new barn, not try to shelter in the ruins of the old.'

Role of the West

During this time of turbulence, Mr Hurd believed that the role of the West was 'to keep channels open, ... [and] to redouble our support for those who are working for a more enlightened Soviet Union, more closely integrated with the rest of the world'. The West was not seeking to prescribe the future of the Soviet Union, and should make it clear that it had no intention or wish to undermine Soviet stability.

Baltic Republics

Mr Hurd pointed out that the Baltic republics were a different category; they had been independent for 20 years before being annexed by the Soviet Union in 1940 in a way which the West had never recognised. Although all Soviet people should in principle enjoy the right to self-determination, it was not for the West to lay down how they should exercise that right, given that their economies were interdependent and their peoples intermingled. It was not in the interests of the West to work for the dissolution of the Soviet Union; Soviet republics had to find a new way of working together on the basis of consent. 'The key and crucial task for the leadership of the Soviet Union', Mr Hurd stressed, 'is to find a way of achieving true stability through free negotiation between elected representatives.' It was a huge task but one 'in which we should actually wish them well rather than try to exploit the numerous difficulties which certainly occur and will occur'.

European Security

The Conference on Security and Co-operation in Europe (CSCE) process – from the 1975 Helsinki Final Act to the Paris Charter signed in November 1990 (see pp 417-20, 1990) – had played a very real part in bringing the Cold War to an end and in improving human rights throughout Eastern Europe and the Soviet Union. Britain, the Soviet Union and the 32 other partners had determined the principles which governed their relations. Although the Soviet Union had fallen far short of these principles in the case of the Baltic states for example, it was in its interest 'to live in harmony and co-operation with its European neighbours, observing the principles and processes of the CSCE to find the way to achieve this'.

Human Contact

Contact could not be solely between governments, Mr Hurd pointed out, but also had to be between people. Every time people from all aspects of life in Britain and the Soviet Union came together 'the suspicions, the hostility, the bits of darkness which still linger in corners recede a little further into the past'.

Economic Assistance

It was in the field of economics that the progress in the Soviet Union had been the most disappointing, Mr Hurd said. It had to make proper use of all of its immense resources, which it had so far mismanaged. Through its know-how fund (see p 425, 1990), the British Government wanted to sustain training and advice and to support those engaged in new projects and market-oriented enterprises, provided that Soviet reforms were properly engaged.

Foreign Policy

Mr Hurd said that Britain had vital foreign interests – in arms control, European security, a more solid and stable Middle East, and the management through the UN Security Council of crises from Africa to Cambodia (see pp 341-2, 1990). These questions were easier to solve by co-operation with the Soviet Union. Its security had been diminished in the past by its policies of confrontation, repression in Eastern Europe or by actions such as the invasion of Afghanistan. Future Soviet leaders would understand that their interests lay 'in co-operation with other leading members of the international community, not in recreating all those tensions and acts of an adversary'.

Economic and Scientific Affairs

The Economy

The main aim of economic policy remains the reduction in inflation. Further cuts in interest rates will be made when they can be sustained. The Government has pointed out the need for companies to contain costs, including wage costs, in order to reduce the severity of the economic downturn. Membership of the exchange rate mechanism of the European Monetary System is not, the Government has declared, a cause of the recession.

The House of Commons debated the 1990 Autumn Statement (see pp 426-30, 1990) on 13 February (*Hansard*, Vol 185, No 55, cols 857-946). The Chancellor of the Exchequer, Mr Norman Lamont, moved a commendation of the Government's conduct of economic policy, including its determination to reduce inflation and its tight control of public expenditure. The official Opposition moved an amendment deploring the Government's economic management, which, it maintained, had been characterised by recession, business failures, rising unemployment, inadequate public investment and high interest rates. The amendment was defeated by 321 votes to 216, a government majority of 105.

Government View

Inflation

The Chancellor opened the debate by stressing that the reduction in inflation remained 'the overriding objective of government policy ... Low inflation is the essential basis for all our success in the future, which is why it is worth striving for.' Substantial progress in bringing down inflation had been made in the 1980s; Mr Lamont was confident that it could be reduced once more. While the present economic slowdown was painful, it had nevertheless improved the prospects for inflation and the balance of payments. He recognised that a price had to be paid for achieving low inflation. 'But past experience has shown that it is a price well worth paying, and we should have the courage to stick with the policies which will, in time, deliver European levels of inflation again.'[1]

Lower inflation would make it easier to cut interest rates. The Chancellor appreciated the anxiety for further reductions but said that the Government was aiming at sustainable rather than short-lived cuts. In any case, real interest rates in Britain were lower than in France, Germany and Italy.

Growth

The recession had occurred after a sustained period of growth, which had seen output rise by 28 per cent between 1981 and 1989. Over 'eight remarkably good years', investment had grown by 67 per cent and manufacturing productivity by 51 per cent; profitability had reached its highest levels since the early 1970s. Moreover, Britain was not alone in experiencing recession. Of the seven major industrialised countries, the United States and Canada were in recession, as also were a number of European countries. Britain had begun its recovery from the last recession before other countries, in 1982-83, and so it was not surprising that it should be the first to enter the downswing.

[1] Britain's rate of inflation in the 12 months to January was 9 per cent. The European Community average was 5·8 per cent.

Employment

Over the past few years Britain had seen a rise in employment greater than any other European Community country and an uninterrupted, 44-month fall in unemployment. Mr Lamont explained that unemployment was an indicator that lagged behind changes in output. The first six months of weakening activity had been accompanied by only a gradual growth in unemployment. However, the rate of increase had recently accelerated and unemployment could be expected to continue to climb for some time after output had begun to recover. This recovery in output would, in turn, start when decisive progress had been made in bringing down inflation.

European Monetary System

Britain's membership of the exchange rate mechanism (ERM) of the European Monetary System (see pp 338-9 and 378-80, 1990) had not been the cause of the recession. Instead, 'the downturn in the economy is the inevitable result of excessive demand and borrowing in 1987 and 1988, which it was necessary to curb. A period of weaker activity became essential to reduce inflationary pressures.' ERM membership was 'central to the Government's overall strategy... We made a commitment [in October 1990] and we will stick to it.' Britain accepted the discipline of the ERM. The overriding factor in setting interest rates now was the need to keep sterling within its agreed band. The reward of this policy was that, over time, Britain's inflation rate would converge on the lowest among the ERM countries. That day's reduction in bank base rates from 14 per cent to 13·5 per cent – and future cuts [they were further reduced, to 13 per cent, on 27 February] – could only be made when the position of sterling in the ERM allowed.

The Chancellor said that the central exchange rate for sterling of £1 = 2·95 Deutsche Mark was a rate at which British industry could compete in Europe. It was close to the average over the past 25 years. If anything, the real exchange rate was low by comparison with that prevailing in the 1980s, which was a decade in which Britain maintained its share of world trade in manufactures and achieved stronger export growth than a number of European competitors. Because of declining inflation in Britain, Mr Lamont expected any loss of competitiveness in the months ahead to be limited. He rejected devaluation as a solution to economic problems: 'it would be a ticket to renewed inflation and higher interest rates'.

Industrial Costs

Companies could help themselves by controlling their unit costs and arriving at 'realistic, affordable wage settlements'. If costs were held down, the downturn would be shorter and less severe and the peak level of unemployment would be lower. Control of costs would hasten the reduction in inflation, which, in any case, had begun to occur (see p 105). As in the recession of 1980-81, the Chancellor expected the decline in inflation to lead to a revival in activity as real incomes rose and because, with the return of confidence, people would save less and spend more. This was why most independent forecasters predicted an upturn in the second half of 1991. The fall in the oil price should also reduce economic uncertainty.

Government Expenditure

The Government was keeping its expenditure firmly under control despite inflation being higher than expected. The planning totals for 1991-92 and 1992-93 were lower, in real terms, than announced in the 1989 Autumn Statement (see pp 465-7, 1989). However, resources for health and other priority services had been substantially increased and there were additional costs arising from the Gulf conflict (see pp 93-7).

Conclusion

The fall in inflation would, as in the past, provide the basis for economic recovery, Mr Lamont concluded. 'However, [British industry] is today better managed and in better shape than it was ten years ago. With a period of strong growth behind them and low inflation ahead, I am sure that firms in future will emerge from the recession able to compete and take advantage of the single [European] market [see p 376, 1990]. I believe that the 1990s, like the 1980s, can be years of prosperity for Britain and for British business.'

Opposition View

For the official Opposition, Mr John Smith said that there was an overwhelming case for a reduction in interest rates. The latest cut in bank base rates was inadequate. The Opposition wished to see British interest rates at roughly the level of those in competitor countries in the European Community. It advocated credit controls to regulate demand rather than high interest rates.

While Mr Smith agreed that the United States and Canadian economies were in difficulties, he maintained that not one member of the European Community, other than Britain, was in recession or even forecast to be so. 'The depressing facts of Britain's home-made recession are all around us' – in the form of record levels of business failures and mortgage repossessions, falling manufacturing output and rising unemployment.

'The Opposition deplore a Government whose policies fail to achieve economic strength and continually undermine the foundations of a fair society', Mr Smith concluded.

Economic Developments in 1990

This article summarises some of the major economic developments in 1990, based on the main indicators used to monitor changes in the economy.

All figures are seasonally adjusted where appropriate.

Output

The average estimate[1] of gross domestic product (GDP) for 1990 has been calculated at 115·1 (1985 = 100), 0·5 per cent higher than that for 1989. However, the quarterly estimates declined in the third and fourth quarters of 1990.

Between 1989 and 1990, output of the production industries decreased by 0·5 per cent, following an increase of 0·5 per cent between 1988 and 1989. Manufacturing output fell by 0·5 per cent between 1989 and 1990, following growth of 4 per cent between 1988 and 1989. Within manufacturing, however, food, drink and tobacco and 'other manufacturing' increased by 1 per cent between 1989 and 1990, while other minerals declined by 5 per cent. The output of the energy sector fell by 1·5 per cent between 1989 and 1990.

Output per head in the manufacturing industries was 117·4 (1985 = 100) in the fourth quarter of 1990, representing a drop of 1·8 per cent compared with the same period in 1989.

Employment, Unemployment and Earnings

The workforce in employment (comprising employees, the self-employed, armed forces and participants in government work-related training programmes) stood at 26·8 million in September 1990 (roughly the same as a year earlier), the latest date for which figures are available. Employment in the manufacturing industries in Great Britain fell by 129,000 in the year to December 1990 and by a further 24,000 in January 1991.

Unemployment in Britain stood at 1·6 million in January 1990; by December it had risen to 1·8 million, amounting to 6·5 per cent of the workforce. A further provisional increase of 135,000 was recorded by February 1991, causing the rate of unemployment to rise to 7 per cent.

The underlying increase in average earnings in Great Britain in the year to December 1990 was some 9·75 per cent. By January 1991 the annual rate of increase was some 9·5 per cent. In that month average earnings were provisionally estimated at 24 per cent above their 1988 level.

Prices and Sales

The general index of retail prices (RPI) stood at 129·9 in December 1990 (1987 = 100), 9·3 per cent higher than in December 1989. The year-on-year percentage change in the RPI has dropped from 10·9 per cent in September and October 1990 to 9 per cent in January 1991.

The output price index (1985 = 100) for home sales of manufactured products increased by 5·9 per cent in the year to

[1] The simple average of the three estimates based on income, expenditure and output data.

December 1990, while the input price index for materials and fuel purchased by manufacturing industry fell by 2·8 per cent during the same period. By February 1991 the annual changes were provisionally estimated at a rise of 6·3 per cent and a fall of 2·4 per cent respectively.

Estimates of the volume of retail sales show that the index (1985 = 100) stood at 121·4 in the fourth quarter of 1990, compared with 122·4 in the fourth quarter of 1989. The value of sales rose by 5 per cent over the same period.

Investment

Between 1989 and 1990 total capital expenditure by the manufacturing industries, including leased assets, fell by 5 per cent. Over the same period, capital expenditure on vehicles fell by almost 18 per cent and that on both plant and machinery and new building work by 5 per cent.

Overseas Trade

In 1990 there was a deficit of £12,800 million on the current account of Britain's balance of payments, compared with a deficit of £19,900 million in 1989. Exports amounted to £102,700 million in 1990, compared with £92,800 million in 1989; imports rose from £116,800 million in 1989 to £120,700 million in 1990. The surplus on invisible trade increased from £4,100 million in 1989 to £5,100 million in 1990.

Interest Rates

The Bank of England announced two reductions in bank base rates in February, each of 0·5 per cent (see p 104). Base rates now stand at 13 per cent, compared with 15 per cent for the year from October 1989 to October 1990, when they were reduced by 1 per cent. Following the most recent reduction in base rates, most mortgage rates also fell by about 0·75 per cent to an average level of 13·75 per cent.

In 1990 growth in the amount of consumer credit was £4,300 million. This was lower than the £4,800 million increase in 1989 which was, in turn, lower than the £5,700 million rise in 1988. The total amount outstanding on consumer credit agreements was £50,600 million at the end of 1990.

Public Sector Debt Repayment

The public sector debt repayment (PSDR) for the first ten months of the 1990-91 financial year was £2,600 million, compared with £8,700 million during the same period in 1989-90. The PSDR excluding privatisation proceeds was minus £1,000 million in the first ten months of 1990-91, compared with £5,100 million in the same period in 1989-90.

Company Insolvencies

Company insolvencies in Great Britain in 1990 totalled 15,421, an increase of 42 per cent on the figure for 1989. Compulsory liquidations accounted for 6,228 of this total, 40 per cent more than 1989, while creditors' voluntary liquidations increased by 39 per cent to 9,193.

Forestry

The Government has announced plans for the creation of nine more community forests in England. It has also decided to encourage community involvement in the maturing forests of the south Wales valleys.

Community Forests

Community forests (see pp 352-3, 1990) are designated as large areas on the edges of cities where major environmental improvements would create a well-wooded landscape for wildlife, places for work and education, and places shaped by the local community for its own enjoyment. Each forest would cover between 10,000 and 20,000 hectares.[1] It is envisaged that between 30 and 50 per cent of such an area would be wooded, with the remainder a blend of farmland, public open space, water features and facilities for recreation.

Plans for three community forests – the Great North Forest (Tyne and Wear), the Forest of Mercia (Staffordshire) and Thames Chase, east of London – have already been outlined. The Government is now aiding the proposed appointment of project teams in nine further areas: Bedford, Bristol (Avon),

[1] 1 hectare = 2·4711 acres.

Cleveland, Manchester, Merseyside, Nottingham, south Hertfordshire, South Yorkshire and Swindon (Wiltshire). The project teams are expected to consult key partners to determine what is practical and to prepare plans as a basis for deciding future action.

Welcoming the joint initiative by the Countryside Commission and the Forestry Commission, the Minister of State for Agriculture, Fisheries and Food, Baroness Trumpington, said that such benefits as landscape enhancement, the creation of new wildlife habitats, opportunities for recreation, and general wellbeing would be difficult to quantify in economic terms. It was, however, 'the creation of these social and economic improvements, as well as wood production, which lie at the heart of the Government's forest policy'.

Welsh Valleys Forest

As part of its rural initiative for Wales, the Government plans to give local communities greater involvement in the development of the 35,000 hectares of forest in the coalfield valleys of south Wales – about 20 per cent of the land area – owned by the Forestry Commission. It is estimated that 1·2 million people live within half an hour's travelling distance of the wooded areas.

The Government also plans to designate some of the Commission's woodlands in Wales as woodland parks. Such parks would consist of woodlands which are already much used by local people for recreation or which could be managed for this purpose.

Making the announcement on 20 February, the Secretary of State for Wales, Mr David Hunt, said that initiatives of this kind would help to improve understanding and mutual trust between forestry and environmental interests. The Commission, he continued, was committed to consulting environmental bodies and considered it important to reach agreement with the National Rivers Authority for Wales (see pp 20-4, 1989) over the links between trees and water acidification in the light of recent advances in research. 'I am keen', he said, 'to see a much greater involvement by the farming community in creating new woodlands.' Both the Welsh Office and the Commission would be encouraging such involvement.

Nuclear Energy

Objectives have been set for the United Kingdom Atomic Energy Authority, which carries out nuclear research and development both for the Government and for other customers.

Background

The United Kingdom Atomic Energy Authority (UKAEA – see p 84, 1985) operates within the framework of the Atomic Energy Authority Act 1986 (see p 108, 1986) and other relevant legislation. It has been reorganised as nine semi-autonomous businesses functioning, since 1989, as AEA Technology. It operates as a trading fund, which allows it to act on a commercial basis. AEA Technology is a major international supplier of contractor services.

In updating the AEA's objectives the Government has taken account of developments both of policy and in the regulatory field (see p 473, 1989, and p 290, 1990), and in the light of AEA's progress in fulfilling the main government aims of its trading fund status.

From October 1990 the AEA has been subject to the safety requirements imposed on licensed nuclear operators by the Health and Safety Executive. It has been asked to ensure that, with the funds made available for the purpose, it carries out its decommissioning and radioactive waste management responsibilities in the most cost-effective way.

The AEA's external financing limit for 1991-92 is £23·6 million. Its capital expenditure programme for the year has been fixed at £27 million.

Objectives

The objectives were announced in the House of Commons on 25 February by the Secretary of State for Energy, Mr John Wakeham (*Hansard*, Vol 186, No 63, written answers, cols 346-7).

In an increasingly competitive market, Mr Wakeham said, the AEA's prime objective was to ensure a structure and costs which would enable it to compete effectively, develop its business and earn an acceptable return on assets. Defined customer-contractor relations should apply to all its work. When undertaking work for customers, whether nuclear

or non-nuclear, the AEA should take into account waste management and decommissioning costs, and appropriate contributions to overheads, including the corporate research and application development programme.

The Government, the Secretary of State continued, expected the AEA to exploit its technology. This could include collaboration with other organisations where it was commercially justified or where he would indicate that it was in the national interest. The AEA should inform the Government of plans for such collaboration.

The AEA, he said, would be expected to prepare an annual corporate plan, taking account of the likely development of the main business areas. This should identify those areas where increased resources would be justified by prospects of future profitable business and those where effort should be reduced. The plan should include AEA's capital investment proposals. He would review each year's plan with the chairman of the AEA and, if necessary, set new targets in the light of this review. The objectives would be scrutinised not later than summer 1993.

Telecommunications

The Government has confirmed its intention to end the current telecommunications duopoly. The Secretary of State for Trade and Industry, Mr Peter Lilley, said that people would be able to apply for licences to operate new telecommunications networks to compete with British Telecom and Mercury Communications.

White Paper

The changes, set out in a White Paper published on 5 March,[1] followed a review of telecommunications policy and a period of consultation beginning in November 1990 (for the background to the review and the Government's original intentions, see pp 432-4, 1990).

[1] *Competition and Choice: Telecommunications Policy for the 1990s.* Cm 1461. HMSO, £8·65. ISBN 0 10 114612 4.

Important proposals in the White Paper include:

– ending of the present duopoly policy to allow other companies the right to apply for licences to run new telecommunications networks within Britain;

– permission for mobile operators to offer new services over their network, such as 'neighbourhood Telepoint', which could provide the final link between customers and the fixed network by radio;

– introduction of 'number portability', so that people can move from one network to another without changing their number, using a national numbering plan to be administered by the Office of Telecommunications;

– modification of licences to allow for the introduction of telecommunications 'retailers' (see p 433, 1990), subject to the implementation of suitable safeguards;

– greater freedom for existing mobile telecommunications companies and cable operators to provide telecommunications services in their own right rather than as agents of British Telecom (BT) or Mercury;

– the continued ability of BT and Mercury to apply through associate companies to provide entertainment services in local areas, but no national franchise in the foreseeable future;

– introduction of 'equal access' in trunk calls (see p 433, 1990), which is expected to be available to the majority of subscribers within five years;

– an obligation for public telecommunications operators to provide other operators with leased circuits on reasonable terms, thus making it easier for new operators to build up a network;

– introduction of a price control formula on BT's international services;

– an adjustment in the formula controlling BT's domestic prices from its current level of four and a half percentage points below the Retail Prices Index to six and a quarter points below it;

– introduction by BT of a more effective low-user scheme to help those who rely on the telephone as a lifeline;

– new tariff packages from BT to allow volume discounts on calls; and

– the introduction of a class licence to allow companies to provide telecommunications circuits for their own use.

The Government concluded that it would be unlikely to license any new international operators in the short term, and that it would therefore be premature to invite applications for such licences. It would, however, keep this position under review.

Government Statement

Mr Lilley, speaking in the House of Commons on 5 March (*Hansard*, Vol 187, No 69, cols 137-8), said that the Government's aims in its November 1990 consultation paper had been greater competition, lower prices and wider choice for the customer. Those aims had now been secured. The response to the consultation had strongly supported the Government's proposals. The proposed ending of the duopoly policy had been particularly welcomed.

The Secretary of State said that customers would now have a wider choice both of service and over who provided the service. The new low-user scheme would help about 2 million residential customers, who would pay only half the standard rental charge and would receive 30 free call units a quarter. Virtually everyone would benefit from cheaper telephone calls, and business costs would be reduced by the new price cap, the reduction in international charges and the volume discount that BT would introduce. Greater competition would be provided by the cable television companies, which were well placed to provide telephone services and were planning to invest over £3,000 million in new networks over the following five years. Steps would also be taken to make it easier for new companies to enter the market. Number portability and streamlined arrangements under which different networks communicate with each other would assist in this.

Mr Lilley said that over the previous seven years, the Government had shown that competition, privatisation and independent regulation worked. The decisions he was announcing would build on this: 'They will stimulate competition, extend choice, cut prices, help to bring down inflation and give us the most dynamic telecommunications market in the world.'

Science Policy

The Government's science policy was the subject of a House of Commons debate on 6 February. The Government defended its record on the funding of scientific research and education, as well as the recruitment of science teachers.

In the debate (*Hansard*, Vol 185, No 50, cols 341-84), the official Opposition moved a condemnation of the Government's science policy. The Government moved an amendment to the motion which applauded its measures to further scientific advances and improve science education in Britain. The Opposition motion was defeated by 254 votes to 213, a government majority of 41.

Opposition Motion

For the official Opposition, Mr Jack Straw called for a 'new strategy for science to restore industrial competitiveness, to raise investment in research and development ... to raise standards in science education and to ensure Britain's scientists are able to co-operate fully with their European partners'. He charged that the Government had failed to provide sufficient funding for scientific research and that the Secretary of State for Education and Science had suppressed advice on science budget priorities from the Advisory Board for the Research Councils (ABRC). There was an inadequate supply of fully qualified science teachers and laboratory equipment in schools. The Government had not developed a coherent strategy for British science.

Mr Straw believed that, in the 12 years during which the Government had held office, Britain's position as a major science nation had declined. According to the Organisation for Economic Co-operation and Development, Britain was spending less per head on research and development than its major

competitors. British industry had also failed to invest sufficiently in research and development, and this had had an adverse effect on Britain's success in world markets. With the exception of the chemical and pharmaceutical industries, which had shown an annual increase in investment of 13 per cent, investment in research and development in the manufacturing sector had declined between 1985 and 1988. In Britain less than 1 per cent of gross domestic product (GDP) was spent on industry-funded research and development, compared with 1·6 per cent in Germany and 2 per cent in Japan. The Government did not have a policy that would oblige companies to state their annual expenditure on research and development.

The allocation for the research councils – the science budget – for 1991-92 had been increased by £32 million to £920 million. However, the Government had underestimated the impact of inflation on the science base and, in real terms, the budget allocation represented a cut of £30 million. The most recent report of the House of Commons Committee on Education, Science and Arts (for publication details see p 127) had described the allocation as 'wholly unsatisfactory'.

As a result of the real cuts to the science budget, the research councils would have to curtail or postpone a number of important projects. The Chairman of the ABRC had stated that the consequences of the science budget imposed on the councils were 'extremely damaging'. Mr Straw quoted from the above report, which recommended that government funding of civil research and development be increased to match that of France and Germany. These countries spent around 0·9 per cent of GDP in this way, compared with 0·6 per cent in Britain.

The Science and Engineering Research Council (SERC) faced greater difficulties than the other research councils. It had announced cuts in areas such as information technology, the application of computing in manufacturing engineering, and engineering design. The Council was committed to paying Britain's share of the subscription to the European Organisation for Nuclear Research (CERN – see p 28, 1989) and to funding associated British research into nuclear physics. Budgetary restrictions would force the SERC to reduce its support of nuclear physics research, which might entail the closure of the Nuclear Structure Facility at the Daresbury Laboratory in Cheshire.

As in universities and research establishments, there had been underfunding of the science base in schools. There was a severe shortage of technicians and there were problems in recruiting well-qualified teachers of mathematics, physics and chemistry. Mr Straw pointed out that in other countries students over the age of 16 studied a broader range of subjects, which often included sciences. In Britain only a minority of students studied science beyond the age of 16.

In conclusion, Mr Straw praised Britain's historical record as a scientific nation. Britain had been 'responsible for more discovery, invention and inquiry than any other nation of similar size'. Today, however, there was deep anxiety about the continuation of Britain's science base. Britain's future was inextricably linked with science and the Government had to invest in this vital area.

Government View

Replying for the Government, the Secretary of State for Education and Science, Mr Kenneth Clarke, expressed the belief that a strong science base was essential to Britain's economic prosperity and competitiveness and to its industrial health. British science was of outstanding quality and was internationally acclaimed.

Mr Clarke agreed that a serious, long-term policy for science had to be founded on an adequate supply of new, highly qualified scientists and engineers. The role of science in schools was crucial to this. The Government had introduced science, technology and mathematics into the National Curriculum (see pp 40-2) to ensure that all school pupils studied these subjects until the age of 16. It was important the Britain should continue to train more scientists and engineers in higher education and that their high standard of achievement should be maintained. Welcoming the increased numbers of students currently entering higher education, Mr Clarke expected that a higher proportion would study science and engineering in future. During the Government's years of

office, the number of new graduates had increased, the figure being 36 per cent higher in 1989 than in 1979. Consequently, there had been a great increase in the number of high-quality scientists. From the academic year 1988-89 until 1993-94, it was forecast that the number of engineering graduates would rise by 15 per cent, while the number of science and mathematics graduates would rise by a third.

The use of GDP percentage figures was not, Mr Clarke believed, a meaningful method of comparing the science expenditure of various countries. Government expenditure on research and development in 1990-91 was £5,100 million, of which £2,800 million was allocated to civil research. Some £1,800 million would be spent on research undertaken by universities, polytechnics and higher education institutions. Over half of this sum had been allocated to the research councils.

Research Priorities

Since 1979, expenditure on the science budget had increased by 23 per cent in real terms. While the science budget for 1991-92 (see table) would remain constant in real terms, this should be seen against previous substantial increases, such as the 8 per cent rise for the year 1989-90.

In Britain, as in other countries, difficult choices had to be made when assessing priorities for science expenditure. Britain's contribution to CERN had an impact on the money that was available for other projects, such as the particle physics research carried out at the Daresbury Laboratory. This had been discussed by the Government and British scientists for several years. The Government had decided that Britain should continue to contribute to CERN, but Britain had pressed for the CERN programme to be managed more efficiently. As a result, Britain's subscription to CERN was lower than it had been in previous years.

Government decisions on scientific and research priorities for funding from the science budget were taken following advice from the ABRC. Mr Clarke commented that media concern was focused on those research projects that had been postponed or considered of lower priority, while many excellent research projects that were flourishing received little public attention. Examples of successful projects funded by the research councils included the new method of earthquake prediction and key medical research on antibodies.

Science Budget: Recommended Allocations for 1991-92

	£ million
	1991-92
Agricultural and Food Research Council	93·5
Economic and Social Research Council	35·5
Medical Research Council	200·4
Natural Environment Research Council	122·6
Science and Engineering Research Council	451·3
Royal Society	15·7
Fellowship of Engineering	1·4
Advisory Board for the Research Councils	0·4
Centre for Exploitation of Science and Technology	0·1
Total	**920·9**

Commenting on the research cutbacks announced by the SERC, Mr Clarke emphasised that the Council had been committed to a number of large, expensive projects that had exceeded the allocated budget. The possible closure of the Daresbury particle physics facility (confirmed by the SERC on 13 March) would be a difficult decision to take, since it was Britain's only nuclear accelerator devoted to basic research in nuclear physics. However, the SERC had confirmed that it would continue to support individual research projects in nuclear structure physics. British scientists at Daresbury would collaborate with their counterparts at the University of Strasbourg in nuclear physics research for the next year or two.

Conclusion

In conclusion, Mr Clarke recognised the need for well-judged policies, confirming that the Government was committed to a strong science base. 'We shall commit to science those resources that the country can afford and hope to build on our excellent record', he said. The Government's allo-

cation of resources into schools and the higher education system would ensure that Britain would produce 'further generations of equally good scientists and technologists in ever greater numbers'.

British Technology Group Bill

A Bill which provides for the privatisation of the British Technology Group was given its second reading in the House of Commons on 12 February.

Background

The British Technology Group (BTG)[1] is a self-financing public organisation which licenses new scientific and engineering products to industry and provides finance for the development of new technology. BTG was created in 1981 by the combination of the National Research Development Corporation (NRDC) and the National Enterprise Board (NEB – see p 238, 1981). With the exception of one semi-dormant subsidiary, all the investments of the NEB have been sold, put into receivership or liquidated since 1983. BTG's operations are now those of the NRDC, focusing on technology transfer.

BTG has an annual turnover of some £30 million and in 1989-90 had an operating profit of £6·8 million. Its investments have included such internationally successful products as cephalosporin antibiotics, pyrethrin insecticides and magnetic resonance imaging technology, used in hospital scanners. At present, BTG is involved with 1,600 inventions, 8,500 patents and nearly 500 licences.

MAIN PROVISIONS

The Bill contains proposals to vest all the property, rights and liabilities of BTG in a newly created private sector company and at the same time to abolish the NEB. The Corporation's capital reserve and the Board's public dividend capital would be extinguished, to be replaced by the Government's shareholding. Provision is made for the Government to acquire additional shares or other securities in the successor company, enabling it to maintain the proportionate level of its shareholding in the event of new issues and rights issues. The Government's shareholding would be limited as a proportion of ordinary voting rights to a level at which it stood after privatisation. The Government would be enabled to make loans to the successor company after vesting had taken place but before privatisation, should privatisation be delayed. The Corporation and Board would continue to exist after the establishment of the successor company to assist with completion of the transfer of assets.

PARLIAMENTARY DEBATE

The Bill received its second reading by 275 votes to 198, a government majority of 77 (*Hansard*, Vol 185, No 54, cols 735-89).

Government View

The Bill was introduced by the Minister for Corporate Affairs, Mr John Redwood. He noted that BTG was making money and that it had backed good projects. He commended the Bill on the grounds that BTG now needed a self-reliant future in the private sector. Mr Redwood said that transferring BTG to the private sector would remove restrictions on its borrowing powers, end its obligation to submit investment proposals to the Department of Trade and Industry and remove the requirement that the Department should agree to the salaries of its chairman and chief executive.

Mr Redwood said that BTG wanted to develop its activities as an international organisation. Preliminary steps had been taken to expand overseas, with investments and agreements in the United States, India and several European universities. The original duties of the NRDC appeared inappropriate for such developments and their removal would facilitate BTG's expansion.

[1] Further information on BTG is contained in FCO reference paper *British Technology Group*, No 216/89.

Opposition View

Speaking for the official Opposition, its chief trade and industry spokesman, Mr Gordon Brown, said that the Bill was ill-considered and irrelevant to the huge technology gap which Britain had to close with its competitors. It did nothing to achieve the Government's stated aims for privatisation of increased mass shareholding, greater competition and the removal of government subsidies, nor did it guarantee that BTG would remain British, at the forefront of technology or intact as a group.

Shorter Notes

ECU GOVERNMENT BOND

The Government has issued a bond denominated in European Currency Units (ECUs) – its first such issue. A total of ECU 2,500 million (£1,750 million) of bonds – the largest ECU issue ever – with a ten-year maturity has been sold to financial institutions in Britain and overseas. The proceeds are to be added to Britain's foreign currency reserves. The Chancellor of the Exchequer, Mr Norman Lamont, described the issue as demonstrating the importance that the Government attached to strengthening London's leading role in this growing market and its commitment to the development of the ECU.

Sources: HM Treasury news releases, 13.2.91 and 14.2.91.

COMPANY ACQUISITIONS IN 1990

Provisional figures for 1990, released on 12 February, show that during 1990 initial payments on acquisitions and mergers involving industrial and commercial companies in Britain fell to £7,900 million from a revised record total of just over £27,000 million in 1989 (see p 118, 1990). The figure for 1990 was the lowest since 1985, when payments totalled £7,100 million. The low 1990 figure reflects a sharp reduction in the number of transactions.

In 1990 cash expenditure as a proportion of total expenditure reached 75 per cent, lower than the figure for 1989 of 82 per cent. The balance of the total in 1990 was in terms of the issue of ordinary shares (20 per cent compared with 13 per cent in 1989) and of fixed interest securities, unchanged from 1989 at 5 per cent. Cash expenditure has made up more than half of total expenditure in every quarter since the sharp drop in share prices in October 1987 (see pp 368-70, 1987).

The number of acquisitions and mergers fell to 778 in 1990, compared with the revised total of 1,336 in 1989 (and 1,499 in 1988). There were 441 acquisitions of independent companies in 1990, accounting for 65 per cent of the value of all transactions, and 336 sales of subsidiaries between company groups. One merger was recorded during the year.

The average value of an individual transaction in 1990 was £10·2 million, compared with a revised average value of £20·3 million in 1989. The 107 acquisitions each valued at more than £10 million made up 85 per cent of the total value for the year, those of up to £10 million but more than £1 million accounted for 14 per cent and those valued at £1 million or less the remaining 1 per cent.

In 1990 the manufacturing sector accounted for one-third of the total value of initial payments on acquisitions of independent companies and mergers, and for just under half of the number of such transactions. In 1989 the proportions had been nearly two-thirds and just under half respectively.

Source: *Acquisitions and Mergers (Quarter 4 1990)*. Central Statistical Office *Business Bulletin* No 9/91.

INNOVATION SUPPORT FOR SMALLER FIRMS

New measures costing £48 million are to be introduced to encourage innovation by smaller firms.

On 6 February the Secretary of State for Trade and Industry, Mr Peter Lilley, announced a new scheme to be known as Support for Products Under Research (SPUR), which will provide grants to smaller firms developing new products. Support

under SPUR will be available to independent companies employing up to 500 people – but targeted at those with more than 50 employees – for products and processes demonstrating a significant technological advance.

A total of £32 million will be available for applications from industry over the next three years. The scheme will provide a fixed grant of 30 per cent of eligible costs, where the need for government support is established, up to a maximum of £150,000. Projects will need to have a £50,000 minimum of eligible costs to be considered for a SPUR grant. Although the scheme will be available throughout Great Britain, the allocation of funds will be weighted in favour of those regions eligible for grants from the European Regional Development Fund, from which the Department of Trade and Industry (DTI) will be seeking contributions for SPUR expenditure in those regions.

Mr Lilley said that SPUR was designed to bridge the gap between the innovative ideas generated by smaller firms and their transformation into marketable products. A more active approach to the encouragement of innovation was a key priority for manufacturing industry over the next few years.

On 19 February, Mr Lilley announced two further schemes as part of the Government's drive to support innovation by smaller firms. The Manufacturing, Planning and Implementation Studies Scheme will provide grants of up to £50,000 for half the cost of expert advice to help firms with up to 500 employees introduce modern manufacturing systems. It is expected that about 200 firms will receive grants and that their new systems will be open to inspection by other smaller companies. The scheme has been allocated £11 million over the next three years.

The Small and Medium-Sized Enterprises Technical Advice Service will be run by the 12 Regional Technology Centres or similar organisations, acting as 'one-stop shops' for smaller firms seeking help with technical problems. Experts based in local educational institutions and research organisations will provide the service at a reasonable price, subsidised by the DTI. Some £5 million will be made available for the scheme over the next four years, after which it is planned to be self-supporting through user companies.

Mr Lilley said that, with the addition of these schemes to existing innovation support, a comprehensive package of assistance to smaller firms was now available.

Sources: DTI news releases, 6.2.91 and 19.2.91.

MERCHANT SHIPPING

A simplified type-approval scheme for ships' equipment was announced on 25 February. There is also to be consultation on one of the proposals of the joint working party on British shipping (see p 356, 1990), the recommendation that the rules on the nationality of officers on British ships be relaxed.

Announcing the consultation, the Minister for Shipping, Mr Patrick McLoughlin, said that the Government was proposing that in future only one of either the Master or First Officer need be British. The rules presently require that on British vessels the Master, First Officer and Chief Engineer have to be either Commonwealth or Irish citizens. The only exception that the Government was proposing would be vessels of particular strategic interest, for which it would be necessary to require a British Master. He stressed, however, that although that was the Government's preferred way forward, all comments would be carefully considered.

Mr McLoughlin said that the Government had been working for some time on a simplified type-approval scheme for ships' equipment as part of its programme of deregulatory reviews. A need for this had also been identified by the industry in the working party report. The new procedures would continue to ensure that international obligations were met and that safety standards were not compromised, but should significantly reduce cost burdens on the shipping industry. Approval procedures were important because the equipment concerned was often directly related to safety of life at sea or pollution control.

Source: Department of Transport news release, 25.2.91.

INDUSTRIAL RESEARCH AND DEVELOPMENT

Provisional summary results of the latest annual survey of expenditure on, and employment in, industrial research and development (R & D) carried out in Britain were published on 28 February by the Central Statistical Office. The survey covered all privately owned enterprises with more than 200 employees in the production and construction industries, together with public corporations, research associations and private research laboratories. The survey, for 1989, represents the first large-scale (benchmark) survey carried out since that for 1985 (see pp 107-8, 1987); sample surveys were carried out in the intervening years. The distinguishing factor in defining R & D activity is the degree of novelty or innovation present.

Total spending in 1989 was £7,018 million (see table), representing a decrease of 4·7 per cent in real terms compared with the figure for 1988 (see p 119, 1990). Between 1985 and 1989, spending rose in real terms by 10·6 per cent.

Between 1985 and 1989 the proportion of funds provided by industry rose to 73 per cent from 66 per cent, while that provided by government declined from 23 per cent to 13 per cent. The balance of funding – associated with R & D performed in Britain by enterprises controlled overseas – rose from 11 per cent to 14 per cent.

Capital expenditure as a proportion of total R & D was 12 per cent in 1989, slightly higher than the 10 per cent recorded in 1985. Total employment in R & D fell by just under 6 per cent between 1985 and 1989, to 165,000. There were 80,000 scientists and engineers engaged in R & D in 1989; 44,000 technicians, laboratory assistants and draughtsmen; and 42,000 non-technical support staff.

Of the total amount spent on R & D in 1989, 82 per cent was directed to civil projects and 18 per cent to defence purposes.

Source: *Industrial Research and Development (1989)*. Central Statistical Office *Business Bulletin* No 14/91.

Expenditure on R & D Analysed by Product Group

	At current prices (£ million)		At 1985 prices (£ million)	Percentage of total	
	1985	1989	1989	1985	1989
Chemicals	942	1,643	1,326	18	23
Mechanical engineering	263	195	157	5	3
Electronics	1,759	2,059	1,662	34	29
Other electrical engineering	126	95	77	2	1
Motor vehicles	372	452	365	7	6
Aerospace	818	812	655	16	12
Other manufactured products	395	622	502	8	9
All manufactured products	4,673	5,878	4,744	91	84
Non-manufactured products	448	1,140	920	9	16
Total	5,122	7,018	5,664	100	100

Note: Differences between totals and the sums of their component parts are due to rounding.

Environmental, Social and Cultural Affairs

Derelict Land

The Government has announced that funding in 1991-92 for the Derelict Land Programme will be increased by 23 per cent. Almost £88 million will be available for Derelict Land Grant, enough to fund the reclamation of about 1,300 hectares (3,200 acres) of derelict land in England. The results of the 1988 Derelict Land Survey have also been published, showing that the total amount of derelict land in England fell by about 11 per cent between 1982 and 1988.

Derelict Land Survey

The 1988 Derelict Land Survey[1] was the first since 1982. The information was compiled by the Department of the Environment from returns submitted by local authorities. The definition of derelict land was the same as that used for Derelict Land Grant purposes, namely land that had been so damaged by industry or other development that it was incapable of beneficial use without treatment. The local authorities were asked not only to identify the amount of derelict land but also to provide other information, such as the ownership of derelict land and the uses that reclaimed land had been put to.

The Survey shows that there was a total of some 40,500 hectares[2] of derelict land in England. Of this, 31,600 hectares were considered to justify reclamation. There had been a drop in the total area of dereliction since 1982 of 5,200 hectares. This contrasted with an increase of 2,400 hectares, or about 6 per cent, between 1974 and 1982. The stock of derelict land justifying reclamation also fell between 1982 and 1988.

Derelict spoil heaps accounted for the greatest proportion of derelict land out of any of the categories in the survey (29 per cent of the total). This was followed by general industrial dereliction (21 per cent). A high proportion of land in both these categories was considered to justify reclamation. Over half (52 per cent) of derelict land was situated in the three most northerly regions, North, North West, and Yorkshire and Humberside. Derelict land was almost equally split between urban and rural areas, but 60 per cent of the derelict land that justified reclamation was in urban areas. A total of 17 per cent of all derelict land and 22 per cent of all derelict land justifying reclamation was to be found in inner-city areas. The private sector owned 43 per cent of derelict land, local authorities owned another 17 per cent and other public sector bodies 25 per cent. The remainder was in unknown ownership.

Some 14,000 hectares of derelict land had been reclaimed between 1982 and 1988. This is not the same as the reduction in the amount of derelict land, because some new dereliction had occurred. Of the reclamation, some 61 per cent had been carried out by local authorities, mostly with the help of government grant. The three northern regions accounted for some 59 per cent of reclaimed land. By April 1988, 12,600 hectares of the reclaimed land had been brought back into beneficial use, of which the most common was as public open space.

[1] *Survey of Derelict Land in England 1988.* Department of the Environment. Vol I, Main Report. HMSO, £14. ISBN 0 11 752305 4. Vol II, Reference Tables. HMSO, £19. ISBN 0 11 752306 2.

[2] 1 hectare = 2·4711 acres.

Derelict Land Programme

The Minister for Housing and Planning, Sir George Young, announced the increase in funding for Derelict Land Grant (DLG) in the House of Commons on 7 February (*Hansard*, Vol 185, No 52, written answers, cols 226-7). He said that since 1979, DLG had funded the reclamation of more than 14,450 hectares. The additional resources would allow faster progress in recycling land, and thereby reduce pressure on greenfield sites.

As in previous years, more than 90 per cent of the resources would be allocated to the North and Midlands, where the problems of dereliction were most severe. DLG remained an important instrument for the regeneration of the inner cities – about 40 per cent of DLG money was devoted towards reclamation in inner-city areas. The overall allocation included more than £19 million for treating dereliction arising from coal mining, over 50 per cent more than in 1990-91.

Sir George added that new priorities and objectives for DLG were being considered. The Government wanted to enhance the role of DLG as a nationwide grant regime for the reclamation of derelict land wherever it had a damaging effect on the environment, with the aim of bringing the land back into the most appropriate use for the benefit of the local community. Consultation was in progress, and any changes would be published later in 1991.

Natural Heritage (Scotland) Bill

The Natural Heritage (Scotland) Bill, which would merge the Nature Conservancy Council for Scotland and the Countryside Commission for Scotland, received an unopposed second reading in the House of Commons on 11 February. It would also allow river purification authorities to control the abstraction of water within their areas for irrigation purposes, and would provide for the making of drought orders.

Background

The conservation of nature in Scotland and the rest of Great Britain is the responsibility of the Nature Conservancy Council (NCC). The Countryside Commission for Scotland (CCS) is responsible for protecting and enhancing the natural beauty of the Scottish countryside and for encouraging the provision of facilities for open-air recreation.

The creation of a combined natural heritage agency for Scotland was suggested in a consultation paper published in July 1989, and the proposals were further refined in another document published in July 1990 (see p 330, 1989, and p 296, 1990). These plans involved the splitting of the NCC into separate English, Scottish and Welsh bodies, followed by the merger of the resultant Nature Conservancy Council for Scotland (NCCS) with the existing CCS. The division of the NCC into three national bodies was enacted in the Environmental Protection Act 1990 (see pp 81-4 and 394-5, 1990) and will take place on 1 April 1991. The NCCS has been allocated a budget of £19 million for 1991-92.[1] Its functions in Scotland will include:

– the establishment and maintenance of national nature reserves;

– the identification of sites of special scientific interest;

– the provision of advice to the Government on nature conservation;

– the dissemination of information about nature conservation; and

– the commissioning of, and support for, research.

However, separate legislation is needed to implement the Government's proposal to merge the NCCS and the CCS into a new body, Scottish Natural Heritage (SNH).

Main Provisions

Part I of the Bill provides for the establishment of SNH, to be vested with the full range of powers given to the NCCS and the CCS. Its general aims include:

– the conservation of species and habitats;

[1] See *Hansard*, Vol 182, No 27, written answers, cols 497-8.

– the enhancement of Scotland's natural heritage;

– the fostering of understanding of the natural heritage;

– the provision of facilities for the enjoyment of the natural heritage; and

– the securing of a sustainable natural heritage.

The dissolution of the existing bodies and the transfer of staff to SNH are also provided for.

Part II of the Bill deals with irrigation. It would give the ten river purification authorities[1] powers to control the abstraction of water for all agricultural and horticultural purposes. Present legislation covers spray irrigation only.

Part III deals with the supply of water during droughts. It would replace provisions in the Water (Scotland) Act 1980 with ones similar to those in the Water Act 1989, applicable to England and Wales.[2] The Secretary of State for Scotland would be empowered to make drought orders on application by water authorities.

Parliamentary Debate

The Bill received an unopposed second reading in the House of Commons on 11 February (*Hansard*, Vol 185, No 53, cols 624-705).

Introducing the Bill, the Secretary of State for Scotland, Mr Ian Lang, said that the Government's main purpose was to provide a framework within which Scotland's natural heritage could be managed in a sustainable way to secure its inheritance by future generations. Since the first announcement of the proposals in July 1989, there had been wide consultation, and an independent poll in autumn 1990 had shown about 75 per cent support for the Government's reorganisation proposals. These were founded upon the value of the work carried out by the two predecessor organisations. The efforts of the NCC had, he said, resulted in the protection of a wide range of habitats, species and features of geological and physiographical interest. The CCS had done important work, especially on improving the environment around Scotland's towns and cities and on the management of mountain areas. SNH would build on this work, to which an integrated approach would bring benefits. In Scotland, there was a strong common interest between protection of the landscape and nature conservation. SNH would be expected to develop partnerships with other concerned interests, such as local authorities, landowners and voluntary bodies. To assist this, the Government intended that SNH should build on the regional and area office network of the NCCS.

Existing designations of important sites, Mr Lang continued, were confined to either landscape or nature conservation considerations – respectively national scenic areas and sites of special scientific interest. The Government would therefore seek to introduce a single designation for natural heritage areas.

Effective control over abstraction of water for irrigation, which could damage rivers, lochs and underground waters and damage aquatic life by drying up streams, was an important part of the Bill. There was also wide agreement that arrangements in case of drought should be made more flexible.

Concluding, Mr Lang said that the establishment of SNH illustrated the Government's commitment both to the work of its predecessor bodies and to the need for an integrated approach. SNH would have a focal role to play in achieving the Government's aims of ensuring sustainable use of the natural heritage and the encouragement of economic activity in ways which would not harm the environment.

[1] These are the seven river purification boards for the mainland and the three islands councils.

[2] For the current provisions in England and Wales, see pp 4-6 of FCO reference paper *Water Supply in Britain*, No 135/90.

Prisons: the Woolf Report

Major recommendations to improve prison administration and the rights and conditions of prisoners have been made by the report of the inquiry into the April 1990 prison disturbances. The Government is implementing

some of the recommendations and it is to publish a White Paper later in 1991 to take account of the others.

The report,[1] prepared by Lord Justice Woolf and Judge Stephen Tumim, was published on 25 February. The inquiry arose as a result of serious disturbances in a number of prisons, including Strangeways Prison, Manchester, in April 1990 (see p 191, 1990).

HOUSE OF COMMONS STATEMENT

Commending the report (see p 120) to the House of Commons on 25 February (*Hansard*, Vol 186, No 63, cols 659-73), the Home Secretary, Mr Kenneth Baker, said that the events of April 1990 had been unprecedented and unacceptable. Control of Strangeways Prison had been lost for 25 days. Significant violence had erupted at eight more prisons, and at others control had been maintained with great difficulty. Over 180 people had been convicted or were awaiting trial on charges, including murder and riot.

Mr Baker stressed that the disturbances had been handled with great skill and courage by prison officers. He pointed out that urgent action had been taken to prepare for any future prison riots. A new incident control centre had been set up, contingency plans had been overhauled and more staff had been trained in new and improved techniques of control and restraint. A review of the physical security of prisons had also been completed and substantial improvements had been made. The Government proposed to create a new offence of prison mutiny carrying a maximum term of ten extra years in prison to deter rioting.

Prison System

On the prison system itself, Mr Baker said that security and control had to be balanced with justice and humanity. Guilty criminals had to be punished by the loss of their liberty and dangerous criminals had to be detained to protect the public. It was not, however, the purpose of the system to provide degrading and humiliating physical conditions that stripped away prisoners' self respect. This was why the Government intended to provide all prisoners with day and night sanitation by the end of 1994. The prison population was now some 4,000 below the September 1989 level and overcrowding was beginning to come to an end. Eight new prisons had been built since 1979 and 13 more were under construction. Over the next two years 12 new prisons would be opened.

Mr Baker continued: 'Prisons should be places that are austere but decent, and provide a busy and positive regime which prepares criminals for their ultimate release. . . We must not forget that, while imprisonment punishes the criminal and protects the public, its other purposes are rehabilitation and preparation for a return to the community.' Since 1988 there had been a substantial increase in hours devoted to education from 5·5 to 7·7 million. The Government wanted to see more prisoners taking up educational courses and training in skills so that they would have a better chance of leading a life free from crime on release. Prisoners had to be kept constructively occupied in workshops and other activities.

Family Ties

Stressing the need for prisoners to maintain ties with their families, Mr Baker said that visits to prisoners would be increased. Arrangements for financially assisted visits for those on low incomes would also be extended. Opportunities for home leave for those in open prisons would be increased from three to six times a year. In addition, telephone facilities for prisoners would be improved. Routine censorship of prisoners' correspondence would also be abolished in all establishments except those prisons from which inmates were dispersed to other prisons. Prison governors would retain, for security reasons, the right to censor.

White Paper

These measures, said Mr Baker, represented a major series of reforms but covered only some of Lord Justice Woolf's recommendations. The Government therefore proposed to issue a White Paper later in 1991 'to take account of those recommendations and

[1] *Prison Disturbances April 1990.* Cm 1456. HMSO, £38. ISBN 0 10 114562 4.

chart the direction of the prison service for the rest of the century and beyond'.

THE WOOLF REPORT

The first part of the report, prepared by Lord Justice Woolf, looks at the six most serious disturbances, examines their background, analyses how they were handled and reaches conclusions.

The main conclusion is that the prison service should set security, control and justice in prisons at the right level and provide the right balance between them. The April riots occurred because these three elements were out of balance: there were failures in the maintenance of control; necessary standards of justice for prisoners were not achieved; and there could easily have been a collapse in security.

The report adds that security, control and justice will not be set at the right level or held in balance unless there are changes in the way that the prison service structures its relations between management and staff and between staff and prisoners. Relations within the prison system should be based on respect and responsibility: 'If . . . management show that they respect their staff and are ready to give them greater responsibility for their own work, then staff are the more likely to treat prisoners in the same way. At the same time, prisoners will not respect staff if they know that staff have no respect for or confidence in their managers. Headquarters must give a lead, but it has a right also to expect that leadership to be followed.'

The report says that greater attention needs to be paid to the way in which prisoners and staff are treated: 'An important lesson of the riots is that they would either not have taken place, or, if they had, they would have been on a different scale, if a substantial body of inmates had not been prepared to support those who instigated the initial disturbance which developed into a riot at each establishment. What is now required is a planned programme of change which will address the substantial problems which remain.'

Programme for Change

The second part of the report, prepared by Lord Justice Woolf and Judge Stephen Tumim, examines the role of the prison service and the need to balance security and control with justice and humanity. It makes 12 recommendations to improve the prison service in order to help avoid disturbances in the future.

Consultation

The report says that there should be closer co-operation between the different parts of the criminal justice system to facilitate exchange of information of mutual interest so that proposals for improvements can be considered. This would take the form of a national forum and local committees.

The Head of the Prison Service

The need for more visible leadership of the prison service is stressed. The report recommends that its Director-General should be seen to be the operational head and in day-to-day charge of the service. To achieve this, there should be a published contract given by ministers to the Director-General, who should be responsible for its performance and publicly answerable for the service's daily operation. The contract would identify the resources allocated to the prison service and set out the tasks to be performed. It would be supervised by ministers who would be able at any time to vary or add to its terms.

Prison Governors

There should be increased delegation of responsibility to prison governors, the report recommends. The headquarters of the service should set out policy and objectives, enable governors to govern and provide support for staff carrying out the policy.

Prison Officers

The report emphasises the need to raise the status of prison officers through better training and improved prospects of promotion. It suggests that officers should receive a contract from their governor setting out their duties and working conditions.

Relations with Prisoners

Prisoners, too, should be given a contract by the prison in which they are held. It would identify what the prison expects to provide for the prisoner and what the prison requires from the prisoner in return. If the prisoner's

expectations were not fulfilled, he or she would have the right to invoke grievance procedures. If the prisoner misbehaved, he or she could be deprived of certain rights. The contract would be a recognition of the respect to which the prisoner was entitled and the responsibility required in return; provisions would change as the prisoner progressed through the sentence.

Standards within Prisons

The report says that, in order to achieve justice within prisons, there should be a series of national accredited standards applicable to all prisons. It would be the responsibility of every prison to reach these standards. Once achieved, they would be incorporated in the Prison Rules and be legally enforceable by judicial review.

Numbers of Prisoners

Under the present system, each prison has a certified number of prisoners which it can hold without overcrowding. The report says that there should be a new prison rule to come into effect at the end of 1992: this would provide that no establishment should hold prisoners in excess of this certified number. Parliament would have to be informed if there was a significant departure from this rule.

Sanitation

The report stresses that all prisoners should have access to integral sanitation by not later than February 1996. Ministers should announce the date by which such sanitation should be provided in order to 'send the clearest signal possible that the prison service is to be committed to bringing the prison system up to acceptable and just standards'.

Links with the Community

More extensive provision for family visits and home leave are recommended. The report points out that most prisoners attach the greatest importance to visits and leave, and that the opportunity to have them is a significant incentive to responsible behaviour. It adds that there should be a system of community prisons so that prisoners can be accommodated as near as possible to their homes and families.

Small Units

Prisoners should be accommodated in small units, the report says. These would contain about 50 to 70 prisoners. They could be formed within larger prisons and would be more manageable and secure.

Remand Prisoners

The report says that conditions for remand prisoners awaiting trial should reflect the principle that they are innocent until proved guilty. They should be accommodated, treated and managed separately from convicted prisoners. It also recommends that such prisoners should spend their time in custody as constructively as possible. Where possible, their employment, family and community connections should be kept intact. In general, remand prisoners should have a lower security categorisation than that for convicted prisoners.

Grievance Procedures

The report recommends changes in grievance procedures. Prisoners should be given reasons for decisions which adversely affect them to a material extent. In addition, there should be access to a legally qualified and independent complaints adjudicator. Serious criminal offences committed in prison should be heard by the normal criminal courts.

General Prison Conditions

A series of recommendations to improve prison conditions is made. These state that:

– there should be an adequate and properly furnished visitors' centre in each prison;

– prisoners, if they so wish, should be accommodated in single cells or rooms;

– education should be seen as an integral part of prison life and be given an equal standing with prison work;

– prison workshops should bring together work, training and education;

– prisoners' pay for work should be higher;

– a phased programme should be introduced to allow male prisoners to wear their own clothes;

– there should be improvements in the number of visits allowed for prisoners and in home leave granted to prisoners nearing the end of their sentences; and

– card phones should be extended to all prisons.

Standards in Education

The annual report of the Government's Senior Chief Inspector of Schools for 1989-90 shows that standards in education are generally being maintained and that in certain areas of the education service there have been marked improvements. Some 70 per cent of work inspected in schools and up to 90 per cent in polytechnics and colleges was satisfactory or better, with around a third of it being judged good or very good.

ANNUAL REPORT

The report,[1] published on 13 February, provides an assessment of non-university education in England based on inspections and related work carried out by Her Majesty's Inspectorate, the Government's main agency for reporting on the quality of education in schools, colleges and polytechnics. It says that about 70 per cent of the work of pupils aged five to 16 was in the range of satisfactory to very good. For the post-16 age group in schools and sixth-form colleges the corresponding figure was over 80 per cent. Some 90 per cent of teaching and learning in further and higher education outside the universities is described as satisfactory or better. A similar picture was revealed in adult and continuing education, while 85 per cent of the work seen on initial teacher training courses was rated as satisfactory or better.

According to the report, a number of long-standing weaknesses affect the service. Standards are variable and not high enough to meet current and future needs. For example, 30 per cent of children are poorly provided for in the compulsory years up to age 16. However, where there are serious shortcomings in quality and provision, they are not new or typical of the education service as a whole and some of the most intractable problems are beginning to be tackled.

Primary and Secondary Education

In primary and secondary schools the report notes that the implementation of the National Curriculum (see pp 40-4)[1] was progressing reasonably well and that there was better planning and management by teachers. Local education authorities were helping schools to introduce the Curriculum and related assessment, and were developing policies for monitoring and evaluation purposes. In most areas, these policies should lead to soundly based assessments of standards and quality.

Physical science, technology and information technology (IT), all of which are relatively new to the primary school curriculum, were being taught thoroughly and, in the case of IT, imaginatively. As a result, standards in primary schools were higher.

HMI's inspection of the teaching of reading in primary schools, carried out in autumn 1990, revealed that in 80 per cent of schools this was satisfactory or better. Three-quarters of seven-year-olds could read with appropriate accuracy and fluency and at 11 years of age three-quarters were competent, confident and fluent readers. Only a very small percentage of primary pupils failed to read altogether, but, says the report, too many did not read well enough.

In secondary schools the proportion of pupils achieving grades A to C in the General Certificate of Secondary Education (GCSE) increased by 2·2 percentage points in 1990, following a 3·5 percentage point rise in 1989. Some 31 per cent of pupils stayed on at school after age 16 compared with 29·5 per cent a year earlier. The proportion of pupils gaining passes at General Certificate of Education (GCE) Advanced (A) level rose by 1 percent-

[1] *Standards in Education 1989-90: The Annual Report of HM Senior Chief Inspector of Schools.* February 1991. Department of Education and Science. Available free from DES Publications Despatch Centre, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

[1] For further information on the National Curriculum and other education reforms, see FCO reference paper *Education Reform in Britain*, No 301/89.

age point with a 0·2 percentage point increase in those achieving grade A passes.

While standards of teaching and learning for 16- to 19-year-olds in both schools and further education colleges were judged to be high, the report says that there is insufficient clarity of purpose in this sector. The problem could be eased by integrating academic and vocational courses more closely while maintaining the quality of A levels and raising the status of vocational courses.

Special Education

The report says that the quality of work seen in special education (see pp 437-8, 1990) was variable and that the special education sector was not in a good enough condition to meet the needs of the next decade. In order to improve special education, schools and local education authorities would need to adopt coherent policies and strategies covering all aspects of provision. However, there were signs of a rise in standards at all age levels and more than half the schools are in a position to introduce the National Curriculum.

Teachers

The vast majority of schools had sufficient numbers of teachers, except in parts of London where there were serious problems of teacher recruitment and retention. Teacher shortages in specialist subjects, such as mathematics, science, music and modern foreign languages, remained much as they had been in the previous year.

Post-school Education

The full-time participation rate of 16-year-olds in further education colleges increased by 2 per cent. Taking schools and colleges together, 56 per cent of 16-year-olds stayed on in full-time education. Part-time and day-release enrolments also rose; although the ratio of students to staff has increased, the standards and quality of courses were generally maintained and, in some cases, improved. In higher education, work was judged to have improved in 1990. Student enrolments increased by over 9 per cent and there was a rise in the proportion of first class degrees awarded.

Initial teacher training institutions maintained good standards in the majority of courses, and worked increasingly closely with schools to bring more practical teaching experience into courses. Most courses of initial teacher training were found to be satisfactory or better, but the problem of what the courses should cover remains a difficult one. For the most part, in-service teacher training was found to be functioning well; the most pressing worries were the large amount of in-service training and the disruption that it caused by keeping teachers away from schools.

Standards in adult education were high despite much of it taking place in poor premises and the continuing uncertainty about its future.

Accommodation

Although accommodation, equipment and materials were in better condition than for some time, there remained serious problems, particularly in schools. Only half of primary and three-fifths of secondary schools had satisfactory accommodation. In further and higher education there have been considerable improvements.

GOVERNMENT STATEMENT

Commenting on the report on the day of publication, the Secretary of State for Education and Science, Mr Kenneth Clarke, said that it demonstrated that schools and colleges had been working hard to implement the Government's education reforms and that standards were being raised. Nevertheless, the education service did not provide full and equal opportunities for all children. There were still too many cases where the standards of knowledge, skill and understanding that pupils achieved were too low. Attainment levels had to be improved at all levels and he was determined that the National Curriculum would help do this.

Mr Clarke welcomed the report's finding that the National Curriculum was playing a part in improving teacher morale. He paid tribute to teachers, who were making enormous efforts to cope with the increased workload that the reforms were placing on them.

Many headteachers and college principals welcomed the greater control over their institutions which local management gave them

(see p 427, 1987). Polytechnics and other higher education colleges had responded enthusiastically to their new independent status. The progress achieved by many education authorities in inner London justified the Government's decision to abolish the Inner London Education Authority (see pp 79 and 287, 1988), said Mr Clarke.

In view of the inadequacy of some accommodation, the Government had added significantly to funding available for capital expenditure in 1991-92. More generally, local management of schools and colleges and the increasing number of grant-maintained schools should lead to a more effective use of resources.

The Secretary of State shared the report's concern over teacher supply, especially in London. The Government had already put in place a range of measures to improve the training and recruitment of teachers (see pp 43-4). Also, it proposed to implement by 1 December all the pay recommendations made by the Interim Advisory Committee on School Teachers' Pay and Conditions.[1] This demonstrated its commitment to developing a pay and career structure which would attract, motivate and retain teachers.

Shorter Notes

ESTATE ACTION

The Government's Estate Action programme is to be expanded and redirected, the Secretary of State for the Environment, Mr Michael Heseltine, announced on 11 February.

The programme, which was launched in 1985 as the Urban Housing Renewal Unit and renamed Estate Action in 1986 (see p 84, 1985, and pp 175-6 and 333, 1987), has allocated over £450 million to over 130 local authorities to support 580 individual schemes improving over 240,000 homes. Mr Heseltine said that funding would increase from £190 million in 1990-91 to £270 million in 1991-92. Within this, funding available for new schemes would almost double. He said that the new resources would be targeted in particular at larger and more run-down estates where a major effort would be needed to halt decline and begin improvements. However, money would be awarded to authorities strictly on the basis of how their bids tackled physical, management and social problems. Some 36 local authorities were being invited to work up detailed proposals.

The Secretary of State said that these 36 authorities had submitted high quality outline schemes. They would now have to draw up more detailed plans, and only if these met the set criteria would they receive money from the extra funding which he had announced. He added that the Estate Action programme had already been very successful, but that on many of the large local authority estates, action was needed to give the tenants new hope and opportunity. Problems were to be found not just in the cities but also on large estates on the edge of cities. Developing a coherent and effective strategy for tackling these problems would be a major challenge for housing policy in the 1990s, but the enhanced Estate Action programme was a major step towards this goal. It would operate as part of an overall strategy together with other government measures such as Housing Action Trusts and community refurbishment schemes.

Source: Department of the Environment news release, 11.2.91.

HOMELESSNESS

A record sum will be made available in 1991-92 to voluntary organisations to help the homeless, the Government announced on 14 February.

Mr Tim Yeo, Parliamentary Under-Secretary of State at the Department of the Environment, said in the House of Commons that, to date, 78 voluntary organisations had been offered grants under section 73 of the Housing Act 1985 (see p 334, 1985), which allows the Government to assist voluntary organisations concerned with homelessness. Some £4·5 million would be made available for such grants in 1991-92, compared with

[1] School teachers' pay, duties and working time are determined by the Government on the advice of the Committee.

£2 million to 31 organisations in 1990-91.

The Minister said that the extra money would make it possible to help a much larger number of organisations, many of them outside London. Of the £4·5 million, £1·6 million had been allocated to the national homelessness advice service being co-ordinated through Citizens Advice Bureaux and other voluntary agencies (see p 26, 1990). The remainder of the funds would support practical projects that directly assisted homeless people. Some 75 projects had already been approved, including:

– a scheme to encourage householders with spare accommodation to give lodgings to young people;

– a scheme to help older night-shelter users and rough sleepers to find homes; and

– a project to contact young people newly arrived in London at main line railway stations with little chance of finding accommodation.

Mr Yeo said that the grants were a recognition of the important role that voluntary organisations were playing in helping the homeless and encouraging them towards independent living.

Sources: *Hansard*, Vol 185, No 56, written answers, cols 544-5; Department of the Environment news release, 14.2.91.

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Central Office of Information, Hercules Road, London SE1 7DU.

Central Statistical Office, Government Offices, Great George Street, London SW1P 3AQ.

HM Customs and Excise, New King's Beam House, 22 Upper Ground, London SE1 9PJ.

Ministry of Defence, Main Building, Whitehall, London SW1A 2HB.

Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

Department of Employment, Caxton House, Tothill Street, London SW1H 9NF.

Department of Energy, 1 Palace Street, London SW1E 5HE.

Department of the Environment, 2 Marsham Street, London SW1P 3EB.

Foreign & Commonwealth Office, King Charles Street, London SW1A 2AH.

Department of Health, Richmond House, 79 Whitehall, London SW1A 2NS.

Home Office, Queen Anne's Gate, London SW1H 9AT.

Board of Inland Revenue, Somerset House, London WC2R 1LB.

Office of the Minister for the Civil Service, Government Offices, Horse Guards Road, London SW1 3AL.

Northern Ireland Information Service, Stormont Castle, Belfast BT4 3ST.

Overseas Development Administration, Eland House, Stag Place, London SW1E 5DH.

Scottish Information Office, New St Andrew's House, Edinburgh EH1 3TD.

Department of Social Security, Richmond House, 79 Whitehall, London SW1A 2NS.

Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET.

Department of Transport, 2 Marsham Street, London SW1P 3EB.

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Welsh Office, Cathays Park, Cardiff CF1 3NQ.

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